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NEWS SUMMARY

GENERAL

Gambling den blast kills seven

At least seven died in an explosion and fire at a Chinese gambling den in London's Soho.

The explosion in a basement was thought to have been started by a petrol bomb and police fear it may be an outbreak of gang warfare. Police said: "We are investigating the possibility that some form of dispute between members of the Chinese community may be involved."

Two policemen were seriously hurt when a second explosion ripped through the basement. Their condition was later described as "satisfactory."

Health dispute

Members of the 12 TUC-affiliated Health Service unions start a three-day national strike today over their 12 per cent pay claim. Back Page

Scargill demand

Miners' president Arthur Scargill claimed he was prevented entering his Barnsley home by eight police officers after an alleged speeding incident. He is now demanding an explanation.

Soviets jailed

Two Soviet peace campaigners were jailed for 15 days for "hooliganism" apparently in a move to prevent them meeting an international peace march arriving in Moscow this week.

Slow progress

Soviet engineers have laid the first 190 miles of the 2,800-mile East-West gas pipeline from Siberia, but heat and swamps are slowing work, said Soviet newspaper Izvestia.

Quick action

Liechtenstein's Prince Franz Joseph used emergency powers to adopt Swiss drug-trafficking laws after finding the principality had no laws forbidding the sale of heroin and cocaine.

Iran warning

Iran warned the Gulf States to stop serving as transit stations for goods moving overland to and from Iraq. Back Page

Nudists raid

Rome police made its annual raid on Capocatta's unauthorised nudist beach. The raid has been an annual event since Italian naturists started a campaign to have the beach declared nudist.

Rebels win

The team of international soccer rebels beat Durban side Amazulu 1—0 in Soweto. The match was arranged after two Soweto sides withdrew in protest against the tour.

Crash kills six

Six died and 59 were injured when a goods train collided with an overnight passenger train near Zurich.

Lauda wins

Nikki Lauda, driving a McLaren, won the British Grand Prix at Brands Hatch.

Briefly...

Ten thousand attended the North American Dr Who Appreciation Society convention, in Chicago.

A mini-submarine rescued two men trapped in a diving bell on the sea bed off Labrador.

Five died when two cars collided near Bath.

Tom Watson of the U.S. won the British Open Golf Championship, with a 4 under par score of 284.

BUSINESS

British Gas profits fall 20%

● BRITISH GAS profits have dropped 20 per cent from a current cost operating surplus of £381m in 1980-81 to about £300m in the last financial year. Back Page

● EMPLOYMENT SERVICE should not be privatised, Mr David Young, chairman of the Manpower Services Commission, has told the Government. Page 6

● WORLD BANK plans a $150m to $200m Eurodollar bond issue involving a dollar-Swiss franc swap. Page 15

● GOVERNMENT is considering proposing to Japan a framework for co-operation in science and technology. Back Page

● MEXICO may help Cuba develop an offshore holiday resort modelled on Cancun, the Caribbean venue of last year's North-South economic summit. Page 3

● EUROPEAN hopes of a more active U.S. currency intervention policy this year appear to be crumbling. Page 2

● MERGER activity increased sharply last year. Page 4

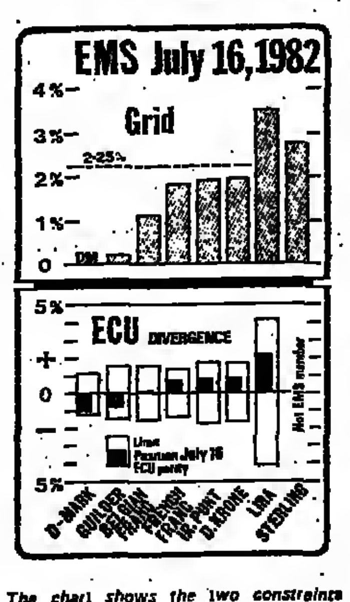
● TENT manufacturers are pressing for special provision under the Multi-Fibres Agreements to help arrest the industry's decline. Page 6

● UGANDAN newspaper report says Lonrho is holding talks on a proposal to build an oil pipeline between Kenya and Uganda.

● CHRYSLER is expected to report a second-quarter profit today. Page 16

● MULTITONE ELECTRONICS is seeking a full stock exchange listing by offering for sale by tender 3.675m shares at a minimum of 120p. Page 14

● EUROPEAN interest rates had a slightly easier tone last week, encouraged by a decline in Eurodollar rates and the failure of the dollar to maintain its recent record levels. The Italian lira was marginally stronger at the top of the European Monetary System, followed by the Danish krone, Irish punt and French franc, grouped together within a narrow band. The D-mark and guilder, recently revalued because of growing strains within the system between the fundamentally strong European economies and the weaker ones, remained at the bottom of the EMS, but well within divergence limits.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

CONTENTS

Victory for British Rail as Aslef chiefs accept TUC plan

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL won a major victory yesterday when the executive of the train-drivers' union Aslef agreed to accept a Trades Union Congress formula to call off its two-weeks-old strike from midnight and to recommend to its conference acceptance of the disputed issue of flexible rostering.

BR expects to be able to run an about 85 per cent normal service today and that services should be fully back to normal by tomorrow.

Sir Peter Parker, BR chairman, hailed the decision of the executive of the Associated Society of Locomotive Engineers and Firemen as marking "breakthrough day" in the railways' drive to improve its own efficiency and so win further government investment.

He said BR now had a hard battle to regain the confidence of its customers. He hoped the Aslef decision would mean better value for money for BR-users. He said: "The line ahead is now clear. Our only real enemies are lack of productivity and lack of investment. I need all the help I can get now from the drivers to win traffic back and to earn the extra investment."

BR is hoping for some positive response from the Government on investment well before the publication, due in November, of the Serpell inquiry into BR's finances and its relationship with government.

Nothing of this was indicated, though, in the formal response by Mr David Howell, Transport Secretary. He welcomed the Aslef decision and said: "This should be a significant step towards a better railway service as well as being of benefit to the drivers themselves."

Both Aslef and BR will now work to the timetable produced after 24 hours of negotiations by the TUC's inner cabinet, its finance and general purposes committee, which started on Friday.

The discussions centred not at all on giving trade union aid to Aslef but on finding a way to get the union off the book. TUC leaders were clearly concerned at BR's threat to shut the network and dismiss all Aslef strikers.

The TUC committee's agreement castigates this as "a most serious departure from industrial relations practices by a public corporation." However, the committee was "deeply concerned about the effects of the current stoppages on British Rail, its workers, and the country as a whole."

So, while acknowledging Aslef's "apprehensions" about the implications of applying the findings of the Railway Staffs' National Tribunal inquiry into the issue — the tribunal, chaired by Lord McCarthy, found in favour of BR and of flexible rostering— the committee recommended that:

● BR should withdraw its strike and closure threats, treat as provisional the rosters already posted at 71 drivers' depots, and introduce no further new rosters before August 2.

● "Acting on the advice tendered by the TUC finance and general purposes committee, Aslef will immediately terminate the strike and instruct their members to return to work, and recall their annual delegate conference within seven to 10 days hereof, and recommend the conference to authorise the executive committee of Aslef to enter into negotiations and conclude an agreement for footplate staff on the basis of the recommendations and safeguards contained in RSNT Decision No. 77."

● These negotiations should begin immediately after the Aslef conference and "will be completed in six days."

The terms of this formula, apart from the face-saving concessions on the immediate arrangements, are a complete victory for BR. Technically it is possible for the Aslef conference to reject the executive's recommendation but this is unlikely.

The Aslef executive considered refusing the TUC's advice but realised this could breach the TUC's rules. Such a breach might have led eventually to the union's suspension from Congress.

Faced with what Mr Ray Buckton, Aslef general secretary, described as a choice between carrying on with the strike and so endangering the whole future of the union, or accepting the advice, the executive finally decided unanimously to approve the TUC's proposal.

Mr Buckton was bitter in announcing the decision. He

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Conflict of views delays decision on Nissan plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN TOKYO

NISSAN'S DECISION about a potential UK car plant is being delayed by differences of opinion among the directors, according to Mr Masataka Okuma, executive vice-president.

Another delaying factor was that Nissan had not been able to agree with the UK Government the level of selective financial aid for the plant.

Mr Okuma, who is due to meet Ministers in London this week, said: "Since the project is a very large one and involves major risks, it was quite natural that there would be differences of opinion among members of the board.

"I believe that, with this kind of overseas project, we should go ahead only if the board is unanimous.

"It will take some time for Nissan to decide. It is difficult to say how long. However, it is quite apparent that, when I leave for London, a consensus will not have been reached. But that does not mean Nissan has given up."

Mr Okuma said that, contrary to repeated reports, there was no disagreement between Nissan and the UK Government about the level of EEC components to be used if the project went ahead—or about the way that content should be measured.

It had been decided mutually not to reveal the method in case it provoked controversy in the EEC motor industry. Nissan has always said it would start with 60 per cent local content and move as quickly as possible to 80 per cent.

However, there was "a difference of opinion" between the company and the Government about the selective financial aid to be made at the Government's discretion after taking into account the potential benefit to the British economy.

Mr Okuma indicated that the Government might have been influenced by the lack of success of the De Lorean sports car project in Belfast.

But it is known that the Department of Industry estimates that the total number of jobs which would be created in the UK by the project would be 10,000, compared with Nissan's estimate of 3,000. Mr Okuma insisted: "Our assessment is correct."

His visit to London for talks with Mr Patrick Jenkin, Industry Secretary, and Mr Norman Lamont, Industry Minister, was being made because there has been no contact between the company and the Government for six weeks.

"It is not good for Nissan not to contact the Government for such a long time."

The visit was simply for an exchange of information, "so don't expect any dramatic announcement."

Hopes 'fading' for PLO evacuation

BY DAVID LENNON IN TEL AVIV AND REGINALD DALE IN WASHINGTON

THE PROSPECTS of Mr Philip Habib, the special U.S. envoy, succeeding in his attempts to persuade the PLO to evacuate Beirut are fading, according to Israeli officials.

After a lengthy Cabinet meeting yesterday they said there had been "absolutely no progress" in negotiations for a withdrawal of the thousands of guerrillas trapped in the Lebanese capital for more than a month.

Hopes of fresh moves rose, however, as officials in Washington said that Mr George Shultz, the new U.S. Secretary of State, had decided to give top priority to the Middle East and intended to involve Mr Henry Kissinger, former Secretary of State, much more closely in the formulation of U.S. policy for the region.

Israeli officials said that the Cabinet had not yet set a time-limit for the U.S. mediation efforts, but repeated what Mr Menahem Begin, the Prime Minister, told a pro-Government rally in Tel Aviv on Saturday night: "The murderers in Beirut do not have 30 days to leave."

The Prime Minister was referring to a remark by Mr Shultz that 30 days of negotiations are needed to resolve the Beirut crisis. The key problem is the unwillingness of any Arab country to accept the guerrillas at present trapped in West Beirut.

Mr Shultz underlined Washington's opposition to an Israeli military attack on West Beirut on Saturday night when he met Professor Moshe Arens, the Israeli Ambassador to the U.S. According to Israeli reports, the American message left no doubt as to the seriousness with which Washington would view an assault on the PLO stronghold in Beirut.

This firm U.S. stand appeared to have reinforced the hand of the moderates within the Israeli Cabinet, who have been finding it increasingly difficult to restrain the more hawkish ministers.

Israeli officials yesterday welcomed suggestions that Mr Kissinger might be sent to the region as mediator.

While U.S. officials confirmed that Mr Kissinger may be asked to undertake a special mission to the Middle East, they stressed that nothing had been formally decided.

Mr Shultz was said to be anxious to try to develop a new, longer-range Middle East policy, not focusing simply on day-to-day developments. He had a strong feeling that "patterns are shifting" in the region and did not want to watch chances drift by, officials explained.

The new Secretary of State will have his first official contact with Arab ministers early this week. Mr Abdel-Halim Khaddam, the Syrian Foreign Minister and Prince Saud al-Faisal, his Saudi Arabian counterpart, were on their way to Washington last night for talks.

The two have been delegated by the Arab League to express concern over Israel's conduct in Lebanon. But Mr Reagan can be expected to ask them for their help in resettling the Palestinian fighters trapped in West Beirut.

The U.S. has offered to help by sending troops to supervise their evacuation.

The U.S. Administration will also soon have to decide what to do about the reported use by Israel of American-supplied cluster bombs in Lebanon. The White House yesterday said that it had received a formal reply from Israel in response to its requests for information about the use of the bombs.

The White House denied reports that Mr Reagan had already decided to withhold supplies of artillery shells that detonate in the same way.

● On arrival yesterday in Amsterdam Mr Abdel-Halim Khaddam, the Syrian Foreign Minister, said his country was prepared to accept leaders of the PLO but refused to accept the guerrillas trapped in Beirut. On his way to Washington for talks with President Reagan and Mr Shultz, Mr Khaddam recalled that most PLO leaders originally stayed in Damascus before moving to Beirut. If they asked, he said, they would be allowed to return to the Syrian capital.

Fact "ridiculous," Page 2

Honda 'might obtain a shareholding in BL'

BY KENNETH GOODING IN TOKYO

HONDA'S relationship with BL could deepen to an extent that the Japanese group might take a shareholding in the UK company, according to Mr Hideo Sugiura, Honda's executive vice-president.

"If you have a capital participation it acts as a bond to bring the companies closer together," he said.

Mr Sugiura made clear that no negotiations about shareholdings were in progress.

BL is making the Triumph Acclaim under licence from Honda. The two companies are trying to agree to produce jointly an executive car, codenamed XX, by 1985.

Reacting to rumours that the discussions had not always gone smoothly Mr Sugiura said: "We are two automobile companies with different backgrounds and traditions so there have been some differences in thinking. Some discussions have been heated and quite difficult but in the end we have always agreed."

As far as Honda was concerned, he said, "we expect to sign the XX contract by the end of this year."

Mr Sugiura said XX would be designed for the U.S. market as well as for Europe and Japan. BL and Honda might decide on another joint venture to produce the car in the U.S.

Honda is nearing completion of a $200m (£114.7m) car plant next to its motor-cycle facility at Columbus, Ohio. Two models will be produced and the plant will have welding, pressing and painting facilities as well as final assembly.

Hungary seeks $300m credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FINANCIALLY pressed Hungary has asked for another $300m (£174.4m) short term credit from Western central banks to help it overcome the effects of the foreign exchange shortage which struck it in the first quarter of this year.

The request was discussed secretly at a meeting of central bankers at the Bank for International Settlements in Basle last week. It is understood that the response was basically favourable but that Hungary will have to wait until the autumn for a final answer.

The new facility would be in addition to a $210m credit granted to Hungary by the Bank for International Settlements in April. This was a three month credit which can be extended for a maximum of a further six months.

It is also in addition to a $300m direct credit facility granted by leading central banks earlier this year as they sought to protect Hungary from withdrawals of deposits by Western commercial banks.

According to a study by the U.S.-based Wharton Econometric Forecasting Associates, the Hungarian National Bank suffered a $1.15bn drain of such deposits in the first quarter as banks became alarmed about the size of its $7.8bn foreign debt and the repercussions of the Polish and Romanian debt crises on Eastern Europe.

Western central banks have been fighting hard to ensure that commercial markets do not lump Hungary into the same category as the worst off Eastern European countries. The banks hoped the country's credit rating could be revived by evidence of their assistance as well as Hungary's admission to the International Monetary Fund this spring.

Their efforts succeeded in halting the drain on Hungary's reserves, but, although the country was once one of the most popular Comecon borrowers in the Euromarkets, it is still effectively excluded from normal business in the syndicated loan market.

The Bank of England has been one of Hungary's most vociferous supporters among Western central banks, but ironically it is British clearing banks who have taken longest to make up their minds about participating in a special $200m to $250m Eurocredit being assembled for Hungary on a club basis by Manufacturers Hanover.

It is understood this credit proposal will be presented formally to the Hungarians shortly as $200m is already committed at the proposed margin of 1¼ per cent over Eurodollar rates for three years.

But the operation has taken time to put together and, although Hungary has overcome the worst effects of the drain on its reserves, it would clearly be assisted by fresh central bank credit to tide it over until it can draw on the International Monetary Fund towards the end of this year.

Rank Xerox in part-time jobs scheme

BY ARNOLD KRANSDORFF

ABOUT 150 key management employees of Rank Xerox are expected to go part-time by the end of next year as part of an imaginative experiment to cut indirect costs at the company's international headquarters in London.

The employees will all be encouraged to set up their own businesses from home in return for a two-days-per-week consultancy contract that will give them the flexibility to work for other clients.

The company hopes to save about £5m a year by cutting non salary-related expenses which, in the case of an executive, can often be twice as much as an individual's basic pay. Such costs include pension, private health insurance, company cars, secretarial help and office rental.

In Rank Xerox's case, office rental calculations have recently mushroomed because of steep rates rises. As a result the company decided to withdraw from a number of "overspill" offices and relocate the employees in head office.

This was not practical because head office was already full; hence the experiment.

The idea of a company using an ex-employee on a consultancy basis is not new but this is the first time it has become part of a wide-ranging policy on the part of an employer to cut costs.

According to Rank Xerox the experiment is a serious attempt to investigate a new and more cost-efficient method of employment rather than being a soft form of redundancy.

The experiment, which has been called networking, is also intended to provide a practical demonstration of how the latest technology can help bridge the geographical gap with head office. The company suspects that working from home will become much more popular.

The experiment is important to Rank Xerox because it provides direct involvement in the expanding office equipment market. Up to now the company has been mainly in the copier market but there are ambitious plans to broaden the product mix with other electronic machinery to fit into the "office of the future."

Once out on his own, each networker will continue to work closely with his or her former boss. Apart from the telephone

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OVERSEAS NEWS

Venezuelan oil output set to rise to 1.8m b/d

BY KIM FUAD IN CARACAS

VENEZUELAN oil production, which was limited to 1.5m barrels a day during the second quarter under the Opec production control programme, will probably rise to about 1.8m b/d over the rest of the year, according to Mr Humberto Calderon Berti, the Energy Minister.

Dr Calderon said Venezuela would have been willing to maintain its output at the 1.5m b/d level if other members of the Organisation of Petroleum Exporting Countries had fulfilled their quotas.

But, with the collapse of the production control programme, the South American country will now seek an export target of about 1.4m b/d for the rest of the year. With Venezuelan domestic consumption running at almost 400,000 b/d, the country's total output would have to rise to about 1.8m b/d to achieve its export target.

The Energy Minister indicated that increases in output would probably be in heavy crudes of 17 degrees and under, aimed at seasonal demand for asphalt among its clients. Last year, heavy crude exports averaged 650,000 b/d of Venezuela's total crude exports of 1.3m b/d.

Dr Calderon, who was sharply critical of Opec members who had failed to comply with production quotas, said that Venezuela's decision to increase its output would take into account Opec's efforts to preserve the present price structure, based on a $34-per-barrel marker.

None the less, he explained that neither Venezuela's heavy crudes nor its product exports, which averaged 492,000 b/d, were subject to Opec pricing controls. At the same time he said Venezuela would insist on its current official prices for heavy crudes and products.

Attempt to rally support on dispute with Guyana

BY OUR CARACAS CORRESPONDENT

PRESIDENT Luis Herrera Campins of Venezuela flies today to Nicaragua on the first of four scheduled trips to countries in the Caribbean area, including Jamaica, Colombia and the Dominican Republic.

While the trips are ostensibly to fulfil official obligations such as attending the third anniversary of the Sandinista revolution in Nicaragua, and the swearing in of new president in Colombia and the Dominican Republic, Dr Herrera will also be gathering support for Venezuela's claims to two thirds of neighbouring Guyana's territory.

Venezuela has undertaken a vigorous diplomatic offensive to counter Guyana's portrayal of the South American oil giant as an aggressor in seeking to recover the 50,000 square-mile "Essequibo" territory. This effort has been carried beyond the Caribbean basin as far as Africa and Asia.

While a 1966 agreement signed by Venezuela, Guyana and Britain allows for bilateral negotiations to settle the dispute, diplomats believe the issue will finally be settled in an international forum. Venezuela is now attempting to gain international support for its claim.

On the domestic front, Dr Herrera designated a widely representative national advisory commission last week to aid the Government in its efforts to achieve a negotiated settlement.

While Dr Herrera has ruled out any military action to recover the Essequibo, a number of high-ranking retired army officers, including two candidates for next year's presidential elections, have posed the possibility of re-taking the disputed area by force.

Bid to oust Bolivian president rejected

LA PAZ — Bolivia's military high command yesterday rejected a bid by Col Faustino Rico Toro to make himself president in place of Gen Celso Torrelio.

The commander-in-chief of the armed forces and the commanders-in-chief of the army, navy and air force issued a communique over the weekend rejecting Col Rico Toro's bid for the presidency and describing his attitude as subversive.

Col Rico Toro said on Saturday he had the solid backing of the army to take over the presidency and supervise a rapid return to democracy.

The communique endorsed President Torrelio's own announcement on Friday that elections and a return to democratic rule would take place next year and confirmed earlier reports that the president had submitted his resignation verbally.

"The political position of Col Rico Toro, made public yesterday, does not represent the feeling of the armed forces," the communique said.

It added that the Colonel's position represented a "typically subversive attitude" aimed at thwarting the process of a return to constitutional rule initiated by President Torrelio by mandate of the armed forces.

The communique said the high command was considering President Torrelio's resignation and would make an announcement on the issue.

Col Rico Toro, who is head of the military academy in La Paz, could not immediately be reached for comment.

On Saturday the colonel warned that if he were not made president in place of Gen Torrelio, the army would withdraw from the Government, leaving Administration in the hands of the navy and air force.

Col Rico Toro also said that army commanders meeting on Wednesday had demanded the resignation of Gen Torrelio and the appointment of himself as president. The army commanders had agreed that Gen Torrelio should be removed from power after what they said was nearly a year of poor government,

Reuter

Hopes for a wider view of monetary policies suffer a setback, **our foreign staff reports**

U.S. holds up move towards intervention

EUROPEAN governments' hopes of securing a more active U.S. currency intervention policy this year through the work of a special seven-nation study group appear to be crumbling. The U.S. is insisting on a highly detailed examination of intervention policies and is prepared to wait until next April for a ministerial-level discussion of the group's conclusions.

The study was launched at the Versailles economic summit at the beginning of June as one means of cementing the pact made there "to work for greater stability of the world monetary system."

When they took up the U.S. suggestion of the study, France, Italy, West Germany and the UK hoped to use it as a vehicle for persuading a very doubtful Reagan Administration of the need for more systematic intervention to curb volatility in foreign exchange markets.

After three meetings of the group—the most recent in Brussels last Friday—its work also looks likely to touch on monetary policies and the need for a more global approach in developing them. European monetary experts see the exercise as an opportunity to urge the U.S. to widen its view of domestic monetary policy to take into account its impact, through very high real interest rates, on other Western economies.

In the meantime, the study group has been saddled with a large and highly technical work programme which officials have been unable to summarise in less than five pages.

It looks unlikely, therefore, to satisfy European wishes for speedy conclusions which could contribute to an easing of some of the acute tensions in Europe-U.S. relations. At Versailles, for example, M Jacques Delors, the French Finance Minister, spoke optimistically of using the study's conclusions at a meeting of the seven's finance ministers in the autumn to help build "a new international monetary order."

A summary of the group's discussions at its meeting in Washington early this month shows little sense of such urgency. Prepared by Mr Beryl Sprinkel, the U.S. Under Secretary for Monetary Affairs, who is a member of the group and a strong believer in minimal intervention, the summary says that the group may only be able to present an interim report for discussion by Ministers next January.

"Should the Ministers decide not to meet in January, they could review the report at the interim committee meeting," (of the IMF, in April) says Mr Sprinkel.

The study, which also involves Canada, Japan and Denmark — representing the EEC Presidency—as well as the European Commission, is being conducted at two levels. The top group, which includes Mr Sprinkel and other very senior officials from the seven major industrialised nations' Treasuries, is known as "the deputies" and is responsible for conducting and co-ordinating the study. The deputies have had only one meeting so far.

The detailed work is being carried out by another group of middle-ranking officials. They have been asked to prepare a written outline of their "expected report" to be looked at by the deputies and possibly Ministers at the IMF annual meeting in Toronto at the beginning of September.

France and the U.S., plus "a third person," are to act as secretariat for the group. The Bank for International Settlements and the International Monetary Fund are to be asked to supply existing studies and possibly some specially commissioned work.

As well as having secured a very thorough study of intervention, Mr Sprinkel also appears to have been successful in heading off European pressure for an examination of possible future intervention policies. It has been agreed that the work will be a retrospective focus on the past decade of floating exchange rates.

"The implications of the study for current and future intervention policies would be considered and discussed by those who have the responsibility for setting intervention policy," says Mr Sprinkel's summary of the group's Washington discussions.

The working group seems likely to be confronted with several questions:

● Has intervention reduced short-term exchange rate variability?

● Has intervention moderated longer-term swings in exchange rates?

● Have "bandwagon" or overshooting effects been present in the exchange markets, and has intervention served to moderate or prevent them?

● Over what time scale have the effects of intervention persisted?

● How has intervention affected economic variables other than the exchange rate, eg the monetary base, interest rates?

● Has intervention affected the structure, size and functioning of exchange and other financial markets?

● How has intervention affected the "profits" of monetary authorities?

● What effects have intervention had on other economic policies?

● Have the effects of intervention depended on the techniques of intervention?

The working group may also examine whether a specific exchange rate can be maintained and for how long, and what lessons can be drawn from the experience of the European Monetary System.

Each country taking part in the study has been asked to supply a factual summary of its exchange policy since 1973 with details of the conditions, methods and objectives of interventions. They will also provide a statistical table giving monthly intervention amounts between 1976 and 1981, as defined by Central Banks and, separately, the amount of customers orders.

TURKEY'S DRAFT CONSTITUTION

Plan to boost presidential powers

ANKARA—Turkey's draft constitution, which provides for strong presidential powers and aims at preventing conditions which led to the military coup in 1980, was yesterday presented to the country's consultative assembly.

Mr Orhan Aldikacti, chairman of the constitutional committee, said a president, under the new constitution, would be able to dissolve Parliament "if he deems it necessary."

He would also be able to declare a state of emergency, ratify or veto Government decrees, partly or wholly reject legislation, and could take all necessary precautionary measures in times of extreme crisis, according to a copy of the draft.

The new President, widely expected to be Gen Kenan Evren, the present ruler, following Turkey's scheduled return to democracy in 1984, would be elected by the national assembly for a seven-year term.

The draft constitution will be debated by the Consultative Assembly, a quasi-parliamentary body set up after the coup when the old Turkish constitution was abolished.

It then has to be approved by the ruling five-man National Security Council before it is put to the country in a referendum.

Apart from enhancing presidential powers, the draft also increases those of the Prime Minister, enabling him to declare a state of emergency after discussing it with the Government and consulting with the President.

Elections to the 400-seat national assembly would take place every five years.

Another body, the State Consultative Council, is created under the draft, which would act as an advisory council to the President.

The new constitution, which bans political parties based on communism, fascism and dictatorship, would replace that adopted after a coup in 1960.

In a section entitled "publishing of material," the draft says no one can be condemned for his or her beliefs or thoughts, but that publication of them could be curbed under certain conditions.

State security courts would be established in cases of "crimes against the integrity of state . . . and free democratic institutions of the regime."

The State Council, which would have no legislative power, would include former presidents, former general chiefs of staff and chiefs of the constitutional court, who would serve for six years.

The draft sanctions strikes by workers as well as employers' lock-outs, but bans them if they are for a political purpose.

Reuter

Jordan pact with Israel 'ridiculous'

By Anthony McDermott in Amman and David Lennon in Tel Aviv

SUGGESTIONS THAT Israel and Jordan should sign a peace treaty and form a two-state confederation, were dismissed as "ridiculous" by Amman officials yesterday.

One Western diplomat said that the idea, put forward by Mr Menahem Begin, the Israeli Prime Minister, at a rally on Saturday, was "an extraordinary piece of Israeli unreality."

There was, however, considerable surprise in Israel yesterday over the attention being paid to Mr Begin's call.

Reiterating an old Israeli dream, Mr Begin called on King Hussein to meet him to discuss creating a single economic unit of the two countries with unrestricted movement between what the Premier called "the western land of Israel and Trans-Jordan."

Mr Begin has always regarded Jordan as part of the biblical land of Israel.

Reuter reports from Nicosia: A non-aligned peace mission formed to help solve the Lebanese crisis met in Nicosia yesterday to plan a visit to Lebanon, Mr Nicos Rolandis, the Foreign Minister of Cyprus said.

The nine-man peace committee was set up on Saturday, at the end of a three-day emergency meeting of the 97-member Non-aligned Movement which urged the U.S. to press Israel to withdraw its troops unconditionally from Lebanon and criticised Washington for supporting the Jewish State.

The committee had contacted the Lebanese Government and the Palestine Liberation Organisation leadership on the feasibility of a trip to Beirut, Mr Rolandis, a member of the committee, said. So far, no answers had been received.

Mr Rolandis said the committee would remain in Nicosia until today.

Seychelles backs claim to atoll

MAURITIUS — The Seychelles has thrown its weight behind Mauritius's campaign for the return of Diego Garcia atoll which Britain leases to the U.S. as a military base.

Mr Albert Rene, the visiting Seychelles president, said in a speech in Mauritius at the weekend that his government would support the newly-elected, left-wing Mauritian Government's campaign for the return of Diego Garcia and the demilitarisation of the Indian Ocean. Reuter

Guerrillas claim Beira sabotage

LISBON—Guerrillas of Mozambique's National Resistance Movement (NRM) fighting the regime of President Samora Machel today said they had cut the main electricity supply to Beira, the country's second city.

Somalis allege fresh Ethiopian attack

NAIROBI—Somalia has claimed Ethiopian forces launched a fresh attack yesterday on the border town of Galdogob using Soviet-made tanks and artillery. But the official Somali news agency Sonna said the forces were driven back. AP.

Soviet peace men 'detained'

MOSCOW — Yuri Medvedkov and Yuri Khronoputo, members of an independent Soviet peace movement, have been sentenced to 15 days detention for hooliganism to keep them away from an officially-sponsored international peace march, friends said.

Reuter

FIJI poll result

FIJI'S ruling Alliance Party has won the general election. But its majority in the 52-seat parliament has been reduced to four.

Thach in Singapore for talks on Kampuchea

BY KATHRYN DAVIES IN SINGAPORE

MR NGUYEN CO THACH, the Vietnamese Foreign Minister, arrived for talks in Singapore yesterday amid reports that Vietnam has substantially changed its views on the Kampuchean issue.

Singapore and its allies in the Association of South East Asian Nations have been in the forefront of efforts to persuade or force Vietnam to withdraw its 180,000 troops from Kampuchea.

They were also instrumental in the creation recently of the Democratic Kampuchean Coalition, an opposition grouping headed by Prince Norodom Sihanouk and including the notorious Khmer Rouge. The coalition is designed to draw international support for an independent Kampuchea.

Reported moves by Vietnam to withdraw some of its forces from Kampuchea, together with statements by Mr Willibald Pahr, the Austrian Foreign Minister, have been responsible for some optimism that a solution to the Kampuchea problem may now be possible. Mr Pahr, who has been negotiating with all sides on behalf of the United Nations, reportedly spoke of "significant changes" in Vietnam's position.

The official Vietnamese news agency, however, subsequently denied that there is any change in Hanoi's view that China, through its protege the Khmer Rouge, poses the main threat to Kampuchean independence. Furthermore, the low key reception given to Mr Thach on his arrival in Singapore, suggests that the gap between Vietnam and Asean is in fact as wide as ever. Mr Thach will hold talks with his Singapore counterpart, Mr Suppiah Dhanabalan and first deputy Prime Minister (Foreign Affairs) Mr Sinnathamby Rajaratnam before visiting Malaysia and Burma.

China reconsiders leadership structure

BY TONY WALKER IN PEKING

THE Chinese Communist Party is considering sweeping reform of its leadership structure. These reforms may include the abolition of the post of chairman and significant modifications to the role of the Politburo.

Changes in the Party's administrative arrangements will be endorsed at a Party Congress scheduled for September. Wan Li, senior vice-premier, hinted in a recent interview with Japanese journalists that the Congress may do away with the positions of chairman and vice-chairmen. There are six Party vice-chairmen.

It is believed here that a three-tier leadership structure in the Communist Party, centring on a panel of senior advisers, a strengthened discipline inspection commission, and the central committee itself is being considered. The Party secretariat would be responsible for the formal day-to-day running of the Party.

It has not escaped the attention of observers here that Hu Yaobang, the newly-appointed Party chairman, has retained his post as general secretary of the Party and head of the secretariat.

If the Communist Party abolished the chairmanship, a post that fell into some disrepute because of late Chairman Mao Tse Tung's excesses in his last years, then efforts would presumably be made to consolidate the position of a collective leadership under the direction of general secretary Hu.

Wan Li recently told a U.S. television executive that Deng Xiaoping, China's paramount leader, would be appointed to an advisory panel of veteran officials. Deng's present formal Party position is that of vice-chairman. Wan said the advisory committee would be drawn from "veteran leaders who, because of their years, have some difficulty dealing with daily work."

Other Party vice-chairmen who may be considered for the advisory panel include the ageing Marshal Ye Jianying, Chen Yun, the economics expert, Hua Guofeng, the ailing former Party chairman, and Li Xiannian, the veteran official, who is rumoured to be ill.

Observers are carefully studying a speech made by Deng to a meeting of the Politburo on August 18, 1980, where he put forward a number of suggestions for Party reform—among them a proposal that the Politburo be abolished.

In preparation for the forthcoming Party Congress—one of the most important such events to be held since the People's Republic was founded—there are manoeuvres aimed at further consolidating the positions of Deng's proteges, such as Party chairman Hu.

China yesterday warned George Shultz, U.S. Secretary of State, that the Reagan Administration would sabotage Sino-U.S. relations if it bowed to pressure from Washington's pro-Taiwan lobby, Reuter reports from Peking.

In the first detailed official reaction to his appointment, the People's Daily made it clear that Peking, though taken aback by some of his comments, would reserve judgment until it saw how he implemented policy in practice.

Chinese officials have confirmed that a major re-writing of the Communist Party constitution has taken place and that a draft document, which reportedly encompasses significant changes, is now being circulated. Reform of the Party's administrative structure, notably abolition of the Politburo, would allow Deng's supporters to shunt aside old-guard opponents of reformist policies who include military officers on the Politburo such as General Li Desheng.

If the Party's senior executive was the general secretary, it would bring China more into line with the practice in the Socialist countries of Europe. Chinese Communist Party officials are known to have been attracted by the experiment in collective leadership in Yugoslavia after the death of Tito.

It is expected here that the central committee will include many new members—possibly up to a third or a half of its more than 300 delegates. The present central committee was elected before Deng re-asserted his influence after his rehabilitation in 1977.

According to observers here, the forthcoming Party Congress is shaping up as a "watershed" in the history of the Chinese Communist Party. Deng will be seeking to consolidate his faction's grip on power and intent on constructing new leadership arrangements that will ensure that his proteges will have a stable framework within which to work.

Some observers say the Congress may well be Deng's "last hurrah," but a more popular view is that even though the vice-chairman is moving into an advisory role, he will remain the most powerful figure in Chinese politics.

Peng Zhen, a former mayor of Peking and one of the first casualties of the Cultural Revolution, is tipped to emerge next year as state president.

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WORLD TRADE NEWS

Setback for Nordic groups as Thailand rejects plant bid

BY JONATHAN SHARP IN BANGKOK

AFTER EIGHT months' negotiations, the Thai Government has rejected a proposal by a Scandinavian consortium to set up a $590m chemical fertiliser plant.

The plant was to have been built on Thailand's ambitious eastern seaboard industrialisation project south-east of Bangkok and would have used as feedstock the natural gas that came on stream from the Gulf of Thailand starting last September.

Mr Chirayu Isarangkura Na Ayutthaya, the Thai Deputy Industry Minister, said the Scandinavian consortium, comprising Haldor Topsoe of Denmark, Norsk Hydro of Denmark and Swedyards Development Corporation of Sweden, had failed to comply with terms and conditions set by Thailand.

Representatives of the consortium were not available for comment, but one major stumbling block was over the price of the gas to be supplied by the Government-run Petroleum Authority of Thailand.

The two sides disagreed over the gas price which was to be 36 per cent higher than the consortium was originally prepared to pay. The consortium also wanted guarantees on price ceilings in the future.

Thai negotiators were not prepared to set any ceilings, saying it was impossible to forecast future costs.

The collapse of the Scandinavian bid is a major disappointment after high hopes for the project had been raised when the consortium's proposal was previously accepted yast year.

Bnt Mr Chirayu stressed that the prnject itself was not abandoned. A Government committee had been instructed to find ways of reviving the plant, presumably by calling for new bids.

Japan's car exports fall in first half

TOKYO—Toyota Motors said its vehicle exports in the first half of 1982 fell 4.7 per cent to 868,900 from 911,800 in the same 1981 period.

Nissan Motors also reported a 9 per cent decline in its first-half exports to 686,200 from 754,100 from a year earlier.

Both companies said slower shipments to European and African markets were responsible for the fall.

Toyota's first balf exports to the U.S. totalled 359,000, unchanged from a year earlier, while Nissan exported 290,100 to the U.S., down 6.7 per cent.

Toyota shipped 84,700 vehicles to the European Economic Community, down 29.6 per cent from a year earlier, including 17,900 to the UK, down 22.7 per cent, and 15,800 to West Germany, down 56.7 per cent.

Nissan's exports to the EEC fell 15.1 per cent to 119,400 from a year earlier, including 55,300 to Britain, down 15.2 per cent, and 22,600 to West Germany, down 32.9 per cent.

Toyota vehicle shipments to Saudi Arabia rose 37.7 per cent to 71,700 from a year earlier, while Nissan's exports to Saudi Arabia trebled to 49,300.

In addition, Toyota said its vehicle exports in June fell 1.2 per cent to 148,200 from 149,900 in May but were up 7.8 per cent from 137,500 a year earlier, the first year-on-year rise in 14 months.

Toyota's June total included 59,200 to the U.S., up 11.6 per cent from a year earlier and 15,700 to the EEC, down 1.1 per cent.

Nissan exported 100,900 vehicles in June, down 11.5 per cent from 114,000 in May and down 17.8 per cent from 122,900 a year earlier. Its June total included 49,500 to the U.S., down 1.2 per cent, and 9,900 to the EEC, down 59.9 per cent.

Reuter

IRELAND'S INVESTMENT TROUBLES MOUNT

How those in need get IDA help

BY BRENDAN KEENAN IN DUBLIN

THE APPROPRIATELY-named Doreen Holdings was the subject, earlier this month, of a classic Irish rescue of a corporate damsel in distress.

The Irish State agencies and the commercial banks have become more and more accustomed to the role of white knight as the number of companies crying for help increase. As often as not these days, the charge is led by the Industrial Development Authority (IDA), which finds that, having belped foreign companies establish themselves in Ireland over many years, more help may be needed to keep them in business.

The rescue process is becoming increasingly sophisticated and is taking on a life of its own. The IDA's rescue division — as it is called — bas increased its staff to 15. Last year it paid out I£32m in assistance to troubled concerns, and the work is growing.

The activities of the rescue division may look small in comparison with the IDA's world-wide promotional activity to attract job-creating investment in Ireland. Last year, over 2,000 projects were negotiated, and these involved grant commitments by the agency totalling Ir£300m.

The IDA's experience in international business helps when it has to look for potential takeovers for dead, or dying companies. Of 80 rescue packages approved last year, 35 involved takeover, mostly by foreign companies.

As in other areas, the scale of things in Ireland permits close liaison between the different bodies which bave an interest in tronbled companies. These include Foir Teo, the state bank whose brief is to try to restore viability to such concerns.

The Industrial Credit Corporation, another state bank, is also a useful source of finance, while the commercial banks are more likely to take a favourable view if the IDA and other state agencies are involved in the package.

The troubled Doreen, for example, is an Irish clotbing company which ran into deep trouble in the UK retail market.

The "rescue" involved I£1.4m from IDA, I£2.5m from Foir Teo by way of preference shares and subordinated loan stock and a further I£2m from the banks.

More than money is involved, bowever. IDA executives believe their system is ahead of similar operations abroad because of the growing sophistication of their monitoring process and by their involvement in advice and restructuring as well as cash aid.

Tbis is also the foreign investment agency's answer to those critics — and tbere are some — wbo wonder about the apparently inexorable spreading activities of wbat was originally a job promotions agency.

IDA's network of regional offices and its contacts with grant-aided firms puts it in a unique position, rivalled only by the banks, to spot early trouble signs. Executives claim, and bank managers agree, that they often spot the warning signs before the management.

The Irish banks botly dispute that they are in any way tardy in coming to the aid of clients in trouble. However, some bave made the point that a customer who is paying his way may resent and resist interference from the bank.

The rather different role of IDA, particularly its power to disb out grants, may make companies less reluctant to admit they need belp.

If, as is often the case, a takeover seems the best option, then IDA's traditional role as a promotion agency takes over. It uses its marketing division, at bome and abroad, to look for companies which might be interested.

IDA and the banks agree that giving or lending money is not enough. The rescue division, as well as giving advice and technical assistance, employs outside consultants and accountants to advise on restructuring and management changes.

Not that everyone wbo asks shall receive. This year is expected to be particularly rough for Irish industry, and there will have to be tight control over who receives the cash available.

The major difficulty with the rescue system is that, because it is in its own early stages of growth, there are no criteria for judging its success.

IDA was unable to say what proportion of the companies which received belp actually survived, or wbat percentage of threatened jobs were saved.

On last year's figures, a total of 10,000 jobs were saved or created for the I£32m spent. That looks like a good return, but bow many of those jobs were, in effect, being paid for a second time?

It is left to the IDA to make the judgments. The recent Dail vote which effectively asked the agency to save the 600 jobs at the Fieldcrest towel plant in Kilkenny, without reference to commercial viability, suggests policy vacuum at the top.

Metal Box factories set up in India, Nigeria

BY MAURICE SAMUELSON

DRINK CANS, taken for granted in industrial countries, are being made for the first time in India and Nigeria with belp from Metal Box, Britain's leading packaging company.

Canned beer has made its debut in India thanks to the manufacture of three-piece beer cans by Metal Box India at its Faridabad factory in the north of the country.

Nigeria's first beverage cans are being made at Metal Box Nigeria's Ogba plant for Coca-Cola and Pepsi-Cola, the U.S. soft drinks producers.

In India, £1.4m investment at Metal Box's Faridabad plant will provide up to 50m cans a year to United Breweries in Bangalore and Doburg lager brewery in Bombay.

Although three-piece beverage cans are now becoming obsolete in Britain, Metal Box India built new can-making lines at its Calcutta plant rather than recondition older equipment brought in from abroad. The breweries, however, are using reconditioned equipment to fill and close the cans. Initially, 10m can ends a year are being supplied by Metal Box'a plant at Neath, South Wales.

In Nigeria, the can-making lines are part of a total investment of more than £5m and each is able to produce 400 tinplate cans a minute for the rapidly-expanding soft drinks industry.

Mexico may help Cuba on resort

BY RONALD BUCHANAN IN MEXICO CITY

MEXICO MAY help Cuba develop an offshore boliday resort modelled on Cancun, the Caribbean venue of last year's north-south economic summit.

The project could include investment from the Mexican private sector under terms of Cuba's recently approved law on foreign investment. For the first time since the Cuban revolutionary government nationalised foreign companies two decades ago, it is now seeking foreign investment.

The resort proposal was raised here in two days of talks at the third meeting of the Cuban-Mexican mixed commission on economic co-operation. The commission was established four years ago on the initiative of President Fidel Castro of Cuba and Jose Lopez Portillo of Mexico.

Both sides empbasised the political significance of the talks, whicb also looked at co-operation in the sugar and oil industries, in agriculture and in fisheries.

The bead of the Cuban mission, Sr Hector Rodriguez Llompart, said the meeting took place amid "renewed aggression" by the U.S. in Central America and the Caribbean.

For the Mexicans, Sr Jose Andres de Oteyza, the Industry Minister, said the talks were a re-affirmation of Mexico's traditional policy of working together with other countries in the region, no matter what their social systems.

● Venezuela is boping to buy 25 multiple rocket launcher systems from Israel at an estimated cost of £83.7m, AP reports from Caracas. Negotiations over the sale of the highly sophisticated weapons are currently under way between the Venezuelan armed forces and Israeli military industries, reports El Diario de Caracas, the morning newspaper.

Venezuela is currently embroiled in a frontier dispute with Guyana to the east, and it also bas a long-simmering dispute with its western neighbour Colombia.

Ruston resumes turbine set deliveries to Russia

BY OUR WORLD TRADE STAFF

RUSTON GAS TURBINES, part of the GEC group, is resuming deliveries of gas turbine generating sets to the Soviet Union for use on the controversial Siberia-West Europe gas pipeline.

The Lincoln company's £20m order for 45 sets bad appeared threatened when, nearly three weeks ago, the Soviet authorities sent instructions to suspend deliveries until further notice.

The reason for the suspension was not given, but may have been related to the U.S. declaration of a ban on the use of American technology in the construction of the pipeline.

But last Wednesday, Ruston received a message that the suspension instructions bad been rescinded and that shipments could resume.

Following the first Soviet move, Ruston contacted its subcontractors to suspend their deliveries. Now it is taking steps to have deliveries resumed later in the summer. The Ruston factory closes for its summer break at the end of this week.

Tbe Soviet contract will keep the factory in work for at least a year. Had it been cancelled tbere might bave been large-scale redundancies.

SHIPPING REPORT

Upturn in trade predicted

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WITH SHIPPING rates sunk in the summer doldrums, the industry is hopeful that the latter half of next year will see an upturn in seaborne trade.

Phillips and Drew, the London stockbrokers, expect a recovery in 1983, most of which should come in the second half.

All three categories of world trade—oil, dry bulk and general cargoes—are expected to show growth which could total about 2 per cent, the company said in its latest shipping review.

This year, coal business is likely to stay weak as world energy demands fall and the price of oil goes down in real terms.

The economic recession is depressing iron-ore shipments while grain trade, highly dependant on the Russian harvest, is expected to grow firmer. Oil volumes are likely to suffer their third successive major decline in 1982.

Rates last week were as discouraging as ever for ship owners. Denholm Coates said those in the dry cargo sector "managed to sag even further on a punch-drunk market."

Mission seeks VW know-how

By Kenneth Gooding in Tokyo

A TEAM of engineers from Nissan, the Datsun Group of Japan, is to go to Germany to study how Volkswagen makes cars.

The trip is part of preparations Nissan is making to produce a version of the VW Santana for the Japanese and Asia Pacific markets.

"Japanese customers want a German flavour to the car, and we must try to retain that in the cars assembled here. We are adaptable—we will learn how to assemble a European-style car, said Mr Noboru Ohta, general manager at the Zama plant, near Tokyo, where the Santana will be assembled.

He said Nissan was on schedule to start production in October, 1983, initially at the rate of 4,000 a month for the Japanese market and, within a year to increase production by a thousand a month for export.

Zama's output is 35,000 cars a month, close to its capacity of 40,000, so a model currently being made there will be moved out this autumn to make way for Santana.

Nissan is not officially revealing the investment involved but industry sources suggested a modest Y4bn-5bn (£9m-11m).

World Economic Indicators

FOREIGN EXCHANGE RESERVES (U.S.$m)

	May '82	Apr. '82	Mar. '82	May '81
UK	11,130	11,641	11,957	15,977
Belgium	2,183	2,203	2,862	5,642
France	13,669	15,260	17,439	27,201
Italy	11,482	11,420	13,314	14,456
Japan	22,801	23,102	23,633	24,102
Netherlands	7,463	7,559	8,055	8,032
W. Germany	38,015	37,624	37,092	46,068
U.S.	9,180	10,090	9,120	10,899

Source: IMF

UK NEWS

Rail strike had limited impact on industry

BR's share of freight traffic has fallen so much, it is no longer vital to manufacturers, writes Hazel Duffy

TWO WEEKS ago an emergency operations room, complete with a blackboard, was set up by the West Midlands Engineering Employers' Association to deal with problems stemming from the rail strike. Yesterday, as the strike was called off, the blackboard was still blank.

There could be no more final confirmatioo of the fact that the freight train long ago ceased to be a vital means of communication for Britain's manufacturing industry.

And that explains why during two weeks of strike action by the Associated Society of Locomotive Engineers and Firemen over British Rail's attempts to impose flexible rostering, there was remarkably little pressure from general industry to get the trains moving again.

Business commuters, particularly in London and the South East, have faced more disruption than industry. Staggered working weeks became a new experience for employees of insurance companies and banks in the City. Commercial Union, for example, arranged for employees with long journeys by rail to be picked up by a fleet of coaches early in the morning and returned late at night to avoid traffic congestion. Staff worked three days one week and two days the next to compensate.

The almost complete absence of Inter-City trains meant changes for executives who normally travel regularly between a London office and a manufacturing plant. Executives of Peglers, the Doncaster-hased part of the Pegler Hattersley valve group, arranged meetiogs half way between London and Doocaster—apparently at considerahle savings in time, petrol, and wear and tear on the people involved.

BR's freight business has been whittled down gradually over the years to the point where it only carries about 9 per cent of all Britain's tonnage, mostly bulk products such as coal, ores, cement, sand and gravel. Measured in tonne-kilometres, which takes account of the longer distances over whicb rail freight is carried, BR accounts for about 13-14 per cent of all freight.

The National Coal Board is one of the industries which was expected to be bardest bit hy a prolonged stoppage. Over 70 per cent of coal is carried by train. Both BR and the NCB have beeo reluctant to talk about bow much was moving during the strike, but it seems that about 10 per cent of the special "merry go round" trains which take coal from tbe pits to the power stations were working.

The problem for the NCB has been to find the storage space at the pithead. Some pits bave only limited space and faced closure within the next few weeks. The NCB bas also bad to finance the storage of coal which would normally be in the hands of the customer. The board can usually rely on obtainiog a higber price for its coal when it eventually comes out of stock, however, so the problem has heen ooe of cash flow.

Aslef could not bave chosen a less advaotageous time for its strike if it desired the maximum impact on the freight network. Industry is carrying high stocks—coal stocks, for instance, are at tbeir higbest ever recorded level relative to consumption. Some 22.5m tonnes is stored at the pitheads and 24.6m tounes is held in stock by customers, mainly at the power atations.

BR's FREIGHT TRAFFIC

	1981 m. tonnes
Coal and Coke	95
Iron and steel	18
Oil and chemicals	16
Building and construction	16
Freightliner	7
Other traffics	2
Total	154

Source: Railway Business Review

The start of the annual holiday in many parts of the country further diminished the effects of the sbutdown. Furthermore the recession means that industry has heen under far less pressure from irregular deliveries of raw materials or tbe despatch of finished goods than it would be if it was operating closer to capacity.

The steel industry bas also suffered less during this dispute than during the Aslef stoppages at the start of the year which cost the British Steel Corporatioo £11m, simply because demand has slumped since the spring.

BSC did experience difficulties, however, most notably in its dependence on BR for moving iron ore. At three of BSC's bulk steelmaking plants—Llanwern, Scuothorpe and Ravenscraig—deliveries of ore can be made only hy rail. This is because bandling facilities were designed specifically for rail. These would have to be scrapped aod new systems built at considerahle cost if BSC decided to cut its independence on rail. Mr Ian MacGregor, BSC chairman, has expressed his frustrations with the growing unrealiability of rail by threatening to concrete over the rail dock at Teesside if the strike had continued for long.

Most of industry found it could switch its freight needs from rail to road—or, as the oil industry did, to pipelines and coastal shipping. The Post Office, for instance, said that it was almost embarrassed by the ease of finding alternatives to rail—in its case air transport as well as road. Sir Peter Parker, BR chairman, told employees that the loss of the Post Office contract was a very real threat, although it seems unlikely that the mail would completely desert rail.

Industry is more coy about how much it cost to make these alternative arrangements. Where industry does use rail, it does so mainly for the very good reason that it is more economic. This is particularly the case for companies which have their own rail sidings, of which there are about 500 around the country. Some of these bave been installed with the aid of government grants, in line with the policy of successive governments to encourage rail freight.

Examples of such companies are Guinness, which takes mnch of its bulk prodnct by rail from its west London plant to other breweries for bottling, and Ford, which transports components between its plants in South Wales, and from Dagenbam to Halewood, by special trains. Neither company was anxious to hroadcast its arrangements during the rail strike for fear of being hlacked by trade unions sympathetic to Aslef. But it is clear that they were able to make contingency arrangements well in advance because of the advance notice given of the brief NUR strike which preceded the Aslef one.

Ford bas said that it would return to rail after the strike, but BR freight managers are under no illusions that they will bave to work hard to win hack and keep all their customers, as they did after the dispute earlier this year.

There is another side to the coin: if BR wins its productivity hattle with the unions, the freight operations stand to benefit substantially. Freight trains in Britain are notoriously overmanned compared with their Continental counterparts, with two and even three men being insisted upon by the unions where one-man operations predominate on Continental railways.

BR's freigbt division made considerable strides last year in rednciug its losses in spite of the recession, largely by running down wagonload services and rationalising terminals and marshalling yards. Bnt even before the strike, BR was not expecting to reach the financial target set for freight by the Government, while the changes in working practices being sought by BR still remain in the halance.

The Government's requirement is that freight must operate without a suhsidy within the next three years. The end of the recession and much more efficient manning levels would assure that the target is met, but BR's customers will have to be convinced before then that it makes sense for them to stay with rail.

Alliance agrees its electoral reform plan

By Our Political Editor

THE Social Democrats and Liberals are expected to announce this week that they have agreed the form of electoral system they hope to introduce after the general election — either in government or as the price of co-operating with another party.

The two parties' joint commission, set up to consider which form of proportional representation the Alliance should back, has made its decision. It favours a form of preferential voting, based on the single transferable vote but modified to meet the criticism that the STV is unsuited to the British political tradition.

Under the proposed system the country would be divided for the most part into multi-member constituencies in which the STV would be used. The number of MPs returned to Westminster for any one party would reflect the share of the vote taken by that party's candidates.

Most constituencies would return four or five MPs; a few could return as many as eight. In a few exceptional cases, however, single-member constituencies would be retained. In these the alternative-vote system would be used, voters stating their preference for the various candidates.

Until now, a main criticism of STV made by the other parties has been that it would end the traditional link between MPs and their voters by creating constituencies which had no logical reason to exist except that they were the right size. To meet this point the commission has proposed constituencies of varying sizes, related to existing communities and political entities.

A city like Wolverhampton would be one multi-member constituency while a constituency like Mr Jo Grimond's in the Orkneys, very thinly populated, would return just one MP rather than being merged into some large area with no real identity of its own.

The recommendation is expected to be unanimously supported even though when the commission started work some SDP members preferred a variation on the Additional Member system used in West Germany and other countries.

The report is expected to be published this week following a meeting tonight on the whole question of co-operation between the two parties in the wake of Mr Roy Jenkins's election as SDP leader.

Mr Jenkins and Mr David Steel, the Liberal leader, have drawn up an agenda covering various different aspects of co-operation including publicity, preparation for the general election and the vexed issue of those constituencies where negotiations over seats are deadlocked.

OFT reports rise in merger activity

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SHARP growth in merger activity in 1981 is revealed in new statistics compiled by the Office of Fair Trading.

The figures show that the number of merger proposals falling within the scope of the 1973 Fair Trading Act rose by 17 per cent in 1981 to 164.

All mergers involving assets of more than £15m or a market share of 25 per cent or more are examined by the OFT to determine whether an investigation by the Monopolies and Mergers Commission is desirable.

The commission then has to decide if the proposed merger is in the public interest.

The OFT's figures also show that the assets involved in the mergers examined more than doubled. In 1980 the 140 mergers considered had total assets of £21.9bn, while last year the figure for the 164 mergers rose to £43.6bn.

This substantial increase is largely due to a rise in the number of merger proposals involving assets of more than £1bn. There were 10 of these in 1981, compared with four in 1980. But the OFT points out that they included a number of foreign mergers which are counted in UK statistics because of the presence of subsidiaries in this country.

In addition, two bids for the same company are normally counted twice in the statistics. Thus the two bids last year for the Royal Bank of Scotland—a merger which the commission eventually turned down—were double-counted.

The OFT therefore emphasises that 1981 was not "characterised by a sudden increase in the contribution of large mergers to the concentration of industry in the UK."

Although most mergers last year were, as usual, from companies involved in the industrial and commercial sectors, the largest single group of proposals came from companies in the insurance, banking and finance sectors. Some 40 of the 164 mergers came from these sectors.

MERGER ACTIVITY

	Proposals	Assets acquired (£m)	Ind. and comml. mergers
1978	103	10,973	89
1979	131	12,091	106
1980	140	21,964	107
1981	164	43,597	126

Source: OFT

The OFT's figures also show that the revival in merger activity in the food, drink, and tobacco sectors in 1980 was not sustained in 1981. There was, however, an increase in the leisure and entertainment industries.

The trend in the last few years away from conglomerate, or diversifying, mergers also continued in 1981. Some 32 per cent of merger proposals last year were considered as conglomerate mergers.

Although this was slightly higher than in 1980, when the figure was 30 per cent, it is a sharp fall from the 38 per cent in 1979. Moreover, the proportion of assets involved from conglomerate mergers was 27 per cent last year, compared with 31 per cent in 1980.

New chief for Trustee Savings Bank appointed

BY WILLIAM HALL

MR PHILIP CHARLTON is to take over as chief general manager of the Trustee Savings Bank (TSB) group next November. His appointment coincides with a major restructuring of Britain's 16 TSBs and Mr Charlton's main task will be to ensure that they develop into fully fledged banks.

Mr Charlton, aged 51, succeeds Mr Tom Bryans, and has worked in the Trustee Savings Bank movement for 35 years. Mr Bryans has been chief general manager of the TSB since 1975, and has played a leading part in transforming them into commercial banks.

The 16 Trustee Savings Banks boast assets of over £6hn, have 1,650 branches, and employ over 20,000 staff. They now rank as Britain's fifth largest banking group and have close to 10m personal customers.

In recent years they have been diversifying rapidly, moving into personal lending and corporate business. Last year they took over United Dominions Trust — one of Britain's biggest finance companies.

Last week the TSBs made plans for a major restructuring of their business. This should lead to a consolidation of the 16 regional TSBs into a much smaller number of units and is likely to lead to an offer for sale of their shares to depositors and staff.

The changes are aimed at restructuring the organisation and preparing for legislation needed to enable them to develop into recognised banks.

Mr Charlton will be responsible for ensuring that the TSBs make the most of their new privileges. In recent years they have heen losing market share to the commercial banks, because they have been restricted by onerous Treasury regulations.

Educated at Chester Grammar School, Mr Charlton joined the TSB in 1947. In 1966 he became general manager of Chester, Wrexham and North Wales TSB. In 1975 he became general manager of TSB Wales and Border Counties. Last year be was appointed deputy chief general manager of the TSB group central executive.

Heathrow Tube extension plan

By Mark Webster

THE UNDERGROUND extension to Heathrow Airport's fourth passenger terminal is likely to go ahead following a compromise proposed by the Greater London Council's Transport Committee on its financing.

If the proposal is accepted by the Department of Transport, the £27m capital costs would be covered by the GLC, and the British Airports Authority, each paying about one quarter, and the Department of Transport making up the balance through an increased transport supplementary grant.

The GLC said Government officials had agreed to the new formula and it would go to the Minister for final approval.

National Savings receipts show slight improvement

BY ERIC SHORT

NET RECEIPTS from National Savings sbowed a slight improvement in June, rising nearly £30m on the month to £153.7m.

Thia brings total net contributions by National Savings in the first three months of the current financial year to £368m.

The Treasury has set the Department of National Savings a target of £3bn in 1982/83 as its contribution to overall funding.

National Savings is thus running over 50 per cent below this. Had the target been reached receipts would amount to £750m after three months.

Index-linked National Savings Certificates, still known as Granny Bonds, remained the most popular form of national savings. They contributed £106.7m in June. Even so, this sum is well below that invested in Granny Bonds in 1981/82.

Fixed-interest National Savings Certificates contrihuted £29.1m. The current net return of 8.92 per cent on the 24th issue is still below the net return of building society investment.

There was an improvement in the contribution from National Savings Bank investment account amounting to £23.4m in June.

Here the current interest rate of 13 per cent gross is competitive with other forms of deposits.

Nevertheless, the Treasury will need to consider making the returns on all National Savings products more attractive if it intends the Department of National Savings to achieve its £3bn target.

Survey warns of duty free 'havoc'

BY ARTHUR SANDLES

ABOLITION, or even modification, of the duty-free system—much mooted by the EEC Commission—woold disrupt airport, airline and ferry economics and probably wreak havoc among major manufacturers of liquor, fragrance and some tobacco products.

That is clear from the findings of a new survey of the international duty-free market. It looks at the sales to an estimated 250m people worldwide last year. Some $5bn waa spent on tax-free purchases.

In Britain alone the British Airports Authority is said to rank 39th among UK shopping chains.

The $65 report, The Best 'n' Most in DFS (the DFS means either Duty-Free Shops or drinks, fragrances, smokes; it's up to you), has been produced by Sweden's Generation Publications.

It lists not only the world's sources of duty-free goods, but also the sales levels of 12,000 products in order of consumer preference and a comparison of price levels.

It suggests that a random $100 shopping bag of duty-free goods from Schipol airport in the Netherlands would cost $142 at London's Heathrow, $105 in Moscow, $110 in Paris and $149 in Helsinki.

Apply the same index to cross-Channel ferries produced $135 for British Sealink and $152 for Scandinavia's DFDS.

Elsewhere in the world, the airport at Tokyo scored $130, Hong Kong $118, Singapore $109 and Bangkok $118.

Topping the league as the most popular alcoholic buy is the 70 cl hottle of Camus Napoleon Cognac which was found at its cheapest in Rimini, Italy, at $14.18 against a world duty-free average of $24.27. It was most expensive aboard the Norwegian Jahre Lines at $32.58.

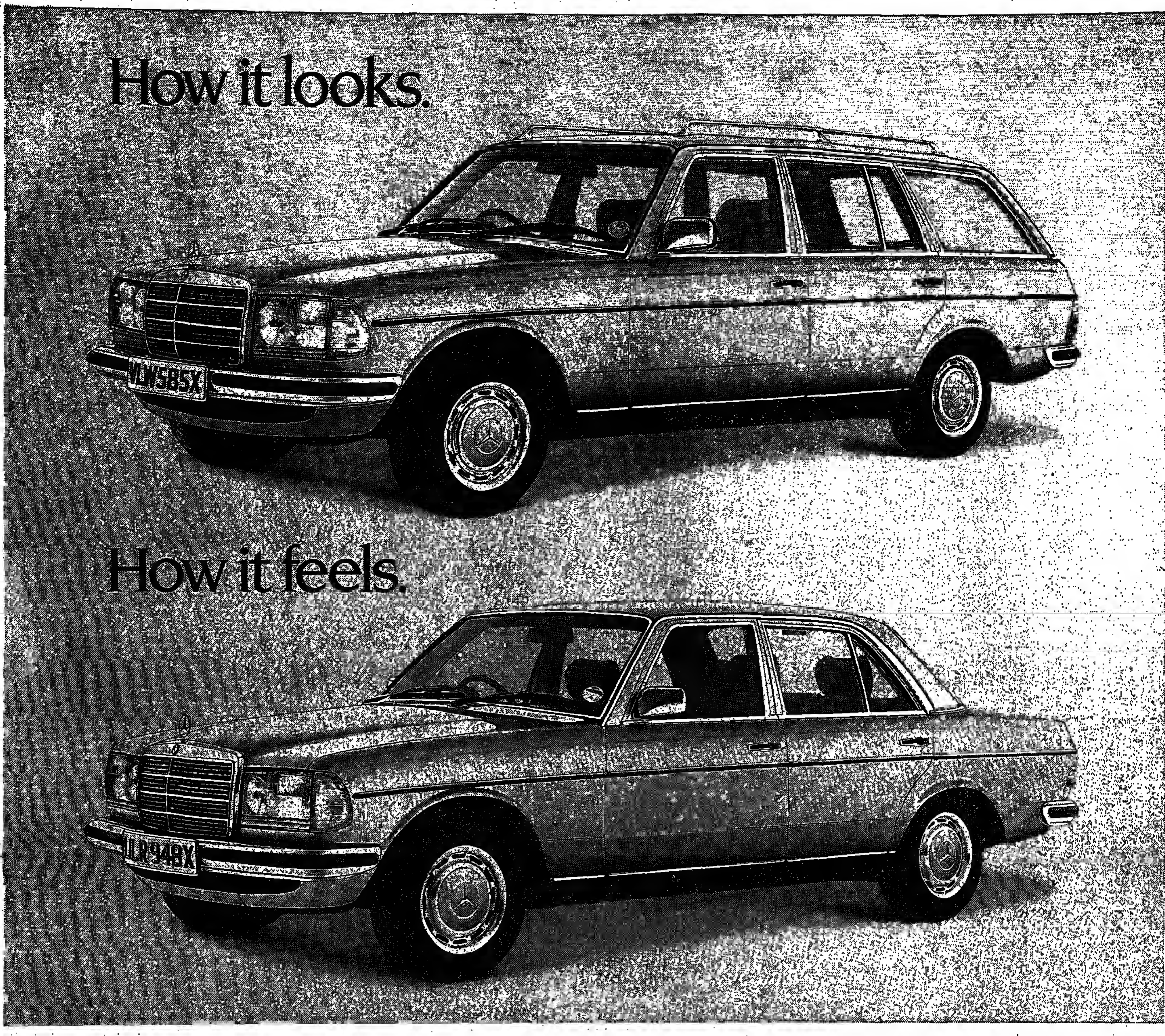
But the Camus cognac is outshone by Johnnie Walker Black Label whisky, if all sizes of containers are included. Olau Line was last year's cheapest source of the litre bottles at $9.56. The international average for the same bottle was $13.96 and the most expensive source was the Silja Line ferries in Scandinavia, where it was $19.41.

Marlboro cigarettes not only find their way into more duty-free outlets than any other product—96.8 per cent of outlets sell them—but are also the most popular tobacco buy.

The best selling perfume product is Chanel No 5, at its cheapest on Air France aircraft last year at $23.10 for 14ml and its most expensive at Christchurch airport in New Zealand at $41.09. The average price was $32.85.

The report says the implementation of any threat of action against duty free shops in Europe would "amount all in all, to nothing less than a disaster."

Although, says the report, "the precise consequences could only be predicted in outline . . . a certain insight into the huge upheaval menacing them at least should cause all decision makers to reflect considerably on both the time schedule and a decision to do so."



You needn't sacrifice saloon car attributes to achieve estate car utility.

Because there is one estate car that drives, rides and simply feels exactly like a Mercedes-Benz saloon car.

The Mercedes-Benz estate car. And the reason why? Engineering.

Engineered forwards.

Before Mercedes-Benz approved its estate car for production, it had to behave like a Mercedes-Benz saloon car.

That's why the ride in a Mercedes-Benz T is like no other estate car in the world.

The five different power trains, so well proven in Mercedes-Benz saloons, have been perfectly matched to the estate format.

The front suspension with coil-springs and anti-roll bar in combination with zero-offset steering, provide straight-line stability, even in emergency situations.

A hydraulic, self-levelling device in the rear of the estate automatically compensates for variations in the load.

You can load the T to its maximum capacity, 1543 lbs, switch on the engine and the car is automatically adjusted to its proper road posture.

In short, put in over half a ton, and it will still handle with Mercedes-Benz integrity.

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It may seem like a paradox, but whilst obliged to behave like a Mercedes-Benz saloon, the T was single-mindedly conceived and engineered as an estate car.

That, is the essence of its heritage.

Its shape was developed in the wind tunnel, not by simply tacking a cargo area onto a saloon.

Its utility was developed in the real world, because we found, by asking estate car owners, that they don't use their cars for just one purpose.

For this multiplicity of usage, each Mercedes-Benz T is available with an optional five-four-three-two-one passenger/driver configuration that expands cargo capacity in a very versatile way.

With the rear seat up, your cargo rides safely behind a retaining net, or can be secreted beneath a roll-out "tonneau" cover. You ride unassailed by boom, shake, rattle or roll.

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The two-litre 200T is the first car in the range. Its starting price is just £9,350 (excluding number plates and road tax). But it does have four competitors you should consider before your purchase.

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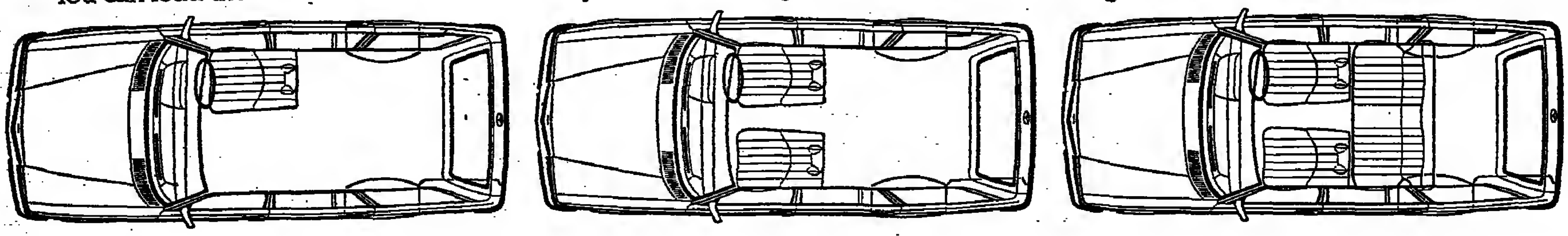


MSC chief opposes privatisation of job services

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

MR DAVID YOUNG, the new chairman of the Manpower Services Commission, does not see scope for privatisation of the employment services and has told the Government so.

Union leaders feared that the appointment of Mr Young, a former adviser to Sir Keith Joseph at the Industry Department, represented a government attempt to hive-off parts of the commission's responsibilities.

Mr Young, however, believes that PER — the commission's professional and executive recruitment service which is the favourite candidate for privatisation among some ministers and Conservative backbenchers—should remain in the public sector.

He also believes the commission's network of high street Jobcentres must be regarded as existing for social service as well as business purposes.

Proposals for a review of the Jobcentre network were put forward last month by an MSC study team in consultation with Sir Derek Rayner, the Prime Minister's adviser on efficiency. Although this will probably lead to closure of some Jobcentres it is unlikely there will be major changes in the network.

Mr Young's support for maintaining the existing boundaries of the public employment services, and the backing which he is giving to the Youth Training Scheme, should allay some of the deep suspicion which his appointment provoked among trade unionists. At one stage this appeared to threaten the continued existence of the tripartite commission.

Tripartism is, in Mr Young's view, the best way yet devised of running the nation's manpower services. He is worried, however, about some detailed aspects of the commission's activities, particularly the way in which its Skillcentres are performing their training role.

Among the changes he will seek are:

- ● Recruitment of more instructors capable of teaching modern skills;
- ● Moving the training operation further into high-technology areas;
- ● Making the centres more flexible, including evening opening, so that they appeal to the employed who want to learn new skills, as well as to the unemployed;
- ● Developing links between Skillcentres and schools when the Youth Training Scheme is launched next autumn.

Mr Young is convinced some young people will respond more enthusiastically to the industry-like atmosphere of Skillcentres than to the more academic approach of further education colleges.

He also believes the commission can make a contribution to help equip some trainees with the business skills necessary for the launch of their own companies.

Technology of robots 'crucial for industry'

By Robin Reeves, Wales Correspondent

A WARNING that British industry faces total eclipse by the end of the century unless it moves rapidly to utilise robot technology has been delivered by Dr Bernard Capaldi, managing director of Pendar Robotics.

Speaking at the official opening of Pendar's robot manufacturing plant just established at Ebbw Vale, South Wales, Dr Capaldi said that Japan's one-time flirtation with robots had now turned into a passionate love affair. British industry was in serious danger of falling behind its industrial competitors.

Japanese industry now employs 15,000 robots, compared with only 500 in the UK, he said. This was despite strenuous efforts by his own company and others to persuade British companies to invest in robots, he stressed.

"A disproportionate sales effort in the UK is being completely over-shadowed by our actual sales results in the U.S., Far East and Australia," Dr Capaldi declared.

He also revealed that the company was discussing the possibility of manufacturing its robots in Japan jointly with a Japanese company. The Welsh manufacturing venture is being financed by Technical Development Capital, the venture capital arm of the Finance for Industry Group, and the Welsh Development Agency. BSC (Industry) and the Welsh Office have also provided help.

The new factory will employ only 15 people initially, but it is hoped to build up to 150 at the end of three years. Ebbw Vale will manufacture Pendar's Placemate, a pneumatically-powered industrial robot, at a basic price of £13,000, which is said to be little more than half the price of its nearest rival.

It is suitable for hazardous or repetitive tasks such as paint spraying, palletising and stacking and machine loading.

Pendar is also developing, in conjunction with Birmingham University, prototypes for a second type of robot, the Locoman. This uses stepping motor technology rather than pneumatics in order to give great precision and accuracy in movement and thereby make the robots suitable for precision-assembly work.

Prutec backs Charcoal Cloth

By David Fishlock, Science Editor

PRUTEC, THE high-technology investment arm of the Prudential Group, is investing £250,000 in Charcoal Cloth, a privately owned company of Wokingham, Berks, to triple its production of charcoal cloth.

The novel fabric was invented at the Chemical Defence Establishment, Porton, Wilts, as an absorbant for toxic vapours. It has been laminated with harder wearing fabrics to produce protective clothing for servicemen in combat.

It is also the basis of a new British respirator for the armed forces. In this layers of charcoal cloth replace the thick bed of carbon granules, making it easier for servicemen to breathe when wearing it.

Porton's invention, however, has found also many civilian uses. These include surgical masks and bandages that absorb unpleasant smells, industrial filter and pollution-control equipment.

Charcoal cloth has been available in small quantities since 1970. Not until the late 1970s, however, was a continuous manufacturing process demonstrated successfully, by Charcoal Cloth, a Porton licensee.

The company works closely with Porton and has a development contract for cloth of enhanced absorbancy for the new service respirator.

Prutec said it was attracted by the wide diversity of uses for the material and by the potential it found for further investment in applications of charcoal cloth.

The company is selling its material to such groups as Racal, for industrial protection equipment, and Johnson & Johnson, for medical uses. It is also developing new uses itself. Mr Geoff Westcott, managing director, forecast that more than 70 per cent of the company's sales would be exports.

Chill wind tugs at tent industry's pegs

Tent-makers have been hit by recession, imports, and 'dumping.' Lisa Wood writes

A CHILL wind has tugged at the pegs of the tent industry over the past few years. In 1977 the industry provided jobs, directly and indirectly, for about 10,000 people. Today the figure is below 4,000.

Black & Edgington, the camping, caravan and industrial clothing group, has closed three factories, in Bristol, Sidcup and Greenock, over the past few years and concentrated production at Port Glasgow. Recently a further 86 redundancies were announced at Port Glasgow, which employs about 200 to make ridge tents.

Imports and not just the recession are blamed by the industry for the decline of the manufacturing base. At the current negotiations on the Multi-Fibre Arrangement (MFA) British makers are pressing for their products to be included in the about 10 textile products deemed "super-sensitive" to foreign, particularly Far Eastern, competition. Substantial cuts in import quotas are being sought by the UK industry.

According to the industry current MFA quotas set in 1977 were falsely high, being based on import figures for 1976 when Far Eastern products flooded the market uninterruptedly.

For example, the annual quota from South Korea was set at 497 tonnes when estimated production of comparable tents in the UK was 8,000 tonnes.

While the South Korean quota has remained at 497 tonnes the estimated UK production of lightweight—and frame—tents is estimated this year to be 1,700 tonnes only, in a market where consumption is estimated at 5,600 tonnes a year. Put another way, total UK production in 1977 was estimated to be worth £15m at then prices. Today the estimated value of UK production is £7.5m, a figure about 20 per cent down on that for last year.

The domestic industry grew from the making of canvas products, the pre-Second World War market being mainly youth and the military. After the war there was what one maker called an explosion of public awareness of the joys of family camping.

The French were fast off the mark in producing sophisticated frame-tents. The British, however continued to concentrate on the ridge and large marquee-style tent. It was this ridge end of the market that Far Eastern makers identified and attacked with cheaper nylon and some cotton tents.

By the early 1970s, however, the European market was beginning to level off, leaving over-production in Europe and a flow of cheaper imports from the Far East.

Mr James Hawley, of John James Hawley, tent-makers of Walsall, said: "We approached the French and Germans to try to get a European lobby, not to stop imports but to restrict them via the MFA which would at least have given us a chance to fight back. However, we received very little help because the French and Germans thought there was no chance of large-scale imports coming into their markets.

"After the MFA was set, Far Eastern makers started exporting to European countries and devastated their domestic markets. In France four or five major makers went out of business in the late 1970s. In England the result was that the domestic industry was almost halved."

According to Mr Hawley, UK makers now have started to compete successfully in the small-ridge-tent market through increased productivity. A new problem in the static market, however, is that imports are being offered at cut prices. "We have evidence of one or two importers who are liquidating stock. A small tent, for example, that would have been sold to the trade for £14 or £15 is being offered at about £10."

As serious a problem for UK makers is imports from the EEC and Comecon countries. Only last month the Trade Department announced EEC approval for British surveillance of imports from East Germany which had entered the UK via an EEC country.

It is suspected that tents from East Germany, in free circulation in the EEC, are circumventing the British quota of about 5 tonnes and being dumped in the UK.

One UK maker said: "To be generous one could accept what the French and Germans say. That is that they are importing from Eastern Europe for their own markets and selling their own production in the UK at survival prices, making profit on the imports. That may be right but tents are being sold at unrealistic prices. For example, imported tents from Europe that it costs us £100 to make are being sold at £70."

Mr David Borrie, secretary of the Made-up Textiles Association, said: "There is a tremendous flood of tents coming in which, in our view, are made in East Germany but which are freely circulating as Community products.

"We are not objecting to imports except those which we believe are unfair competition. The machinery by which we can start controlling these is monitoring."

Leyland and Kenning join up on truck

By John Griffiths

LEYLAND TRUCKS and the Kenning Motor Group are joining forces to produce the 7.5 tonnes Leyland Electric Terrier truck unveiled two months ago.

Output of 70 vehicles is planned over the next three years.

Terrier chassis cabs built at Leyland's Bathgate, Scotland plant will be supplied to Kenning's manufacturing subsidiary W and E Vehicles of Shrewsbury for fitment of the electric drive system.

The vehicles will be sold through W and E, which has made and marketed a variety of electric vehicles over the past 30 years.

Leyland has taken this step because, according to Mr Chris Woodwark, marketing director, "production of electric vehicles in small volumes is not economic on our assembly lines."

While the number of vehicles is small, the fact that Leyland has decided to push ahead with the project underlines a growing belief that there will be a viable market for short-haul electric commercials before the end of the decade.

Freight Rover, Leyland Trucks' van-making associate within BL, has unveiled an electric version of its Sherpa van, and Karrier Motors at Dunstable last year became the world's first truck maker to start commercial production of electric trucks.

The electric Terrier will be offered with two drive lines. One is from Lucas Chloride EV Systems—a joint company which has a £10m, five-year electric vehicle development programme—and the other is built from Oldham, Cableform and EDC components.

As is the case with the other electric vehicles, the Terriers will qualify for a Department of Industry subsidy to lower the price.

No prices have been announced for the Terrier. But the Karrier Motors vehicle retails at £14,000—double the price of its diesel equivalent. This price includes a DOI subsidy of about £4,000 and underlines the need to bring prices down.

Car dealers attack hire purchase restrictions

By John Griffiths

A CALL for the total abolition of hire purchase restrictions on cars has been issued by the Motor Agents' Association (MAA), which represents most of the UK vehicle retail trade.

The MAA, which has made a direct appeal to Sir Geoffrey Howe, Chancellor, is going much further than the Society of Motor Manufacturers and Traders (SMMT), which has also launched a campaign to get HP curbs relaxed.

Mr George Turnbull, the new president of the SMMT and chairman of Talbot, has said that a minimum deposit of 25 per cent, against the current one-third, and a repayment period extended from two years to three, could boost the new car market by 40,000-80,000 a year, and help to free a log jam in the used-car market which is also causing traders severe cash-flow problems.

But the MAA claims that the retail motor trade is in such desperate straits — with discounting rife in a new car market expected to fall to about 1.45m — that the relaxation urged by the SMMT is insufficient.

"Events have gone too far for such steps to provide the level of relief so desperately required," Mr Alan Dix, MAA general secretary, has told Sir Geoffrey.

Stocks were at an all-time high and profit margins "slashed to the bone."

The Government had managed to abolish pay, price, dividend and foreign exchange controls without the economy collapsing and the Crowther report had also urged the abolition of credit controls.

The essential issue concerns the Government's tight monetary stance. Both the MAA and the SMMT stress that relaxation would not increase total credit demand.

It would lead only to a transfer of credit, in two ways:

- ● Through the dealers' financing of very high stock levels being transferred to customers;
- ● A change in the pattern of consumer spending.

In other words, consumers would be inclined to spend more on cars and commensurately less on other consumer goods.

The SMMT asserts that its relaxation proposals would result in a net benefit to the Exchequer of £25m. This is because of the extra 10 per cent duty levelled on vehicle sales—the "car tax."

Referring to current industrial and economic troubles, Mr Dix says many people find public transport inadequate for getting to and from work—yet could not buy a car because of their inability to raise the requisite 33 per cent deposit. For many, a car was as basic a household need as a refrigerator.

Controls have been relaxed already for business cars, he points out, but most used cars are bought privately.

Seatbelt law applied soon

SEATBELT-wearing will become compulsory from early next year, Mrs Lynda Chalker, junior Transport Minister, said at the weekend.

The Commons voted last year, after a fiercely contested debate, to make it illegal not to wear a seatbelt.

This decision became law in the Transport Act with a review after three years in operation.

MPs will be asked next Thursday to support the government regulations, putting compulsion into practice. These will deal partly with the classes of people who will be exempt from wearing belts.

Mrs Chalker said in her Wallasey constituency: "Last year, more than 2,300 car drivers and passengers were killed and more than 30,000 seriously injured, some of whom will be disabled for life.

"The heartache this brings to family, friends and often employees cannot be counted, but the economic costs of loss of life or capability are very high indeed."

Whaling ban hopes fade

BY RICHARD MOONEY

CONSERVATIONISTS' hopes of putting an end to commercial whaling, after 10 years of campaigning, could hinge on the attitudes of just five of the 35 national delegates likely to attend the annual meeting of the International Whaling Commission, which starts in Brighton today.

To succeed, the call for a ban—which has been defeated at every meeting since 1972—must win the support of 27—three-quarters—of the 36 membernations. But the conservationists' cause does not look hopeful.

Of the membernations, 22 are confidently expected to support a ban. The six whaling nations will obviously be against, and seven have not stated clear positions. The 36th country, Dominica, has never turned up at an IWC meeting and is not expected to do so this year.

Of the unknowns, Chile, which only ceased whaling itself this year, seems more likely to abstain than to switch to the anti-whaling camp. South Africa has always abstained.

The vote could, therefore, depend on Mexico, China, Spain, Brazil and Argentina.

The Argentine delegation, if it attends, is likely to continue on the anti-whaling side, though this is not certain, following the Falklands conflict. Brazil, which has delayed a decision to cease whaling, tends to abstain on the ban issue.

Mexico has previously been on the anti-whaling side, but a lack of commitment this year is believed to result from economic pressure by Japan

No early upturn expected in paper industry output

BY ANDREW FISHER

THE HOPED-FOR upturn in British paper output this year is clearly not going to occur, the British Paper and Board Industry Federation says in a gloomy assessment of prospects.

Production in the first five months of the year fell by 2.8 per cent compared with the same period in 1981 "and there are few confident enough to predict any marked improvement during the rest of the year."

Three UK mills have announced their closure and three more have shut down since the federation came out with its previous review at the end of March.

"Short order books, restricted working at mills and constant pressure on margins against the background of instability in the international pulp market add up to a depressingly familiar situation," it says.

But the federation notes that import penetration has not been as high as was feared at one time. Although January figures showed the highest ever percentage of the market gained by imports at 61 per cent, the overall January to March level was down to 57.8 per cent.

There is still a gap in the 1981 returns because of last year's customs strike. But the import share has been estimated at 58 per cent, based on the extent of previous capacity reductions and the operating rates of the surviving mills.

The U.S. recession is currently having a poor effect on prices of corrugated case materials, the federation says, while competition from other EEC countries is stiffening as a result of over-capacity.

U.K. exports fortunately also seem to be at a high level "although they represent only a trickle set against the massive flood of imports."

The federation welcomes the proposal, not yet confirmed, of United Paper Mills of Sweden to build an integrated pulp and paper mill in North Wales, especially as the UK would be exporting some 600,000 tonnes of pulp wood in 1982.

Miners claim turnabout over threatened pit

BY DAVID GOODHART, LABOUR STAFF

MR JACK COLLINS, secretary of the Kent area of the National Union of Mineworkers, claimed yesterday that the National Coal Board was preparing to back down over its plans to transfer or make redundant 550 miners at Snowdown Colliery in Kent.

He said: "They have now indicated that they only want to sack about 250 miners. But we are still going to fight them all the way down the line."

Mr Arthur Scargill, president of the NUM, has repeatedly called for industrial action to stop the partial closure of Snowdown. Earlier this month he gave the coal board six weeks to withdraw its plans or face possible strike action.

But the board yesterday denied union allegations that the development work proposed for Snowdown would lead to job losses. An NCB statement said: "No mineworker will be forced onto the dole."

The board says Snowdown lost £9m last year and has a productivity rate less than 30 per cent of the national average. It is proposing a two-year halt on production there while £3½m is spent developing a new seam.

"Everyone who has seen the conditions in the present working area realises that it is a hopeless mining prospect. No amount of skill and determination on the part of management and men can possibly overcome the physical problems," its statement said.

But Mr Collins said yesterday that a special report on Snowdown drawn up by Mr Arthur Owens, a mining engineer who works for the NUM, came to very different conclusions about its prospects.

There are now 800 men employed at Snowdown and the NCB have said they want to retain 250 with the rest taking voluntary redundancy or transferring to Tilmanstone or Betteshanger. Mr Collins says the board now wants to retain as many as 500 miners at Snowdown.

The NCB still says that if the new seam proves profitable, recruitment will begin at Snowdown and men wanting to return from Tilmanstone and Bettshanger will get priority.

The NCB statement said: "This system has been operated in all other coalfields, the men leaving the industry getting the full payment provided for in the redundancy scheme and the transferred men the allowances under a separate arrangement.

"The coal board believe that they have proposed a reasonable way of dealing with the problem of Snowdown's enormous losses. Pits in similar difficulties have been put right after a development-only period. They are now profitable and providing secure employment."

The board is also urging the Kent area of the NUM to put forward their own proposals for Snowdown through the industry's colliery review procedure.

The management union, the National Association of Colliery Overmen, Deputies and Shotfirers, backed by the British Association of Colliery Management, has already referred the issue to the national disputes procedure.

But Mr Collins said yesterday that the management union had been put up to it by the board and remained cynical about getting a satisfactory outcome from the review procedure.

● Mr Collins yesterday sent a sarcastic telegram to Mr Len Murray asking: "Has the fight against the Tebbit Bill started with the betrayal of Aslef?"

Sealink pay dispute may spread

By Our Labour Staff

A MASS MEETING of 570 seamen at Harwich will decide today whether to continue the 17-day dispute with Sealink UK over proposed pay cuts.

After a weekend meeting with the local management, Mr Alan Petre, chairman of the union dispute committee, said that only minor concessions had been made on the management's plans for a cut of £1.2m in the wages bill at the port.

Union officials, who say the pay cuts average 23.84 per cent, will not make a recommendation to the mass meeting but if strike action is confirmed, it could spread to some other Sealink ports.

Mr Petre said: "Once the precedent of dramatic pay cuts is established, we've got no chance —and I think other ports will give us backing."

A passenger ferry, two container ships and a train ferry have been hit by the dispute, but passengers have been travelling with one of Sealink's Dutch partners.

Mr Petre also said that, if the dispute were made official, he would call on Dutch seamen to stop work.

The company says it has talked for six months about cutting costs on the loss-making Harwich lines without progress.

No closed shop reprieve for shipowners

BY BRIAN GROOM, LABOUR STAFF

SHIPOWNERS HAVE virtually given up hope that the Government will grant them a five-year reprieve from the closed shop provisions of the Employment Bill, now completing its progress through the Lords.

Without the reprieve they believe they would be particularly vulnerable to compensation claims of up to £30,000 for unfair dismissal.

The Government has rejected already a request from the General Council of British Shipping, representing principal UK shipowners, for exemption from the closed shop provisions.

The council does not oppose the Bill on principle, nor does it object to closed shop reviews, but it believes it needs time to overcome potential problems surrounding the 1921 agreement with the National Union of Seamen under which members must operate a closed shop.

Shipowners were given a measure of exemption from the closed-shop provisions of the Industrial Relations Act 1971. This time the only reprieve they will receive is the general one or two-year delay after Royal Assent. This the Government might give before it calls for the first review of closed-shops.

The only concession the Government has made is in response to the council's claim that organising a ballot in a thousand ships, half of which rarely come to the UK, is impractical. An amendment makes clear that ballots can be held over more than one day, to ease communications problems.

The council believes it would be impossible to achieve an 80 per cent vote of those eligible and also difficult to reach the alternative 85 per cent majority of those voting needed to achieve a recognised closed-shop.

Attempts to hold any ballots in the face of hostility from the National Union of Seamen could cause tensions aboard ship.

In the Lords committee stage Lord Mottistone outlined, on the council's behalf, what might happen in the absence of a recognised closed-shop. Seamen would be tempted to tear up union cards so that the NUS would demand their sacking and they could claim compensation for unfair dismissal.

Because of the minimum crewing demanded by the Trade Department before ships can sail, vessels might then be expensively stuck in foreign ports until a replacement crew member could be flown out.

Lord Mottistone tried to move an amendment, making it a defence for employers to show it was in the interest of the employee to be dismissed unfairly, and to show that the employer's business would suffer immediate and appreciable financial loss from such dismissal.

Lord Gowrie, for the Government, agreed to look into it but believed "any tribunal worth its salt would quickly rumble the kind of fraud being suggested by my noble friend." Lord Mottistone withdrew his amendment.

Idle tonnage may force low merchant navy pay deal

BY BRIAN GROOM, LABOUR STAFF

THE merchant navy's 30,000 officers and 25,000 UK ratings may have to accept pay rises this winter which fall below last year's 8 per cent package deals.

Shipowners want to reach lower settlements in the industry's national negotiations which start in September. This will delight Sir Geoffrey Howe, the Chancellor, and the Confederation of British Industry. Both are trying to "talk down" the level of settlements, running across the economy at an average of about 7 per cent.

The decision of the shipowners, however, will be determined by their own financial problems. Dry bulk cargo rates have recently shown a particularly dramatic fall and the tanker market remains gloomy. More of the world's merchant shipping tonnage is laid up than at any time for four years.

A number of companies would dearly love to pay the "zero" wage increase which Sir Geoffrey has advocated for some employers, but this is recognised as impossible to achieve.

The National Union of Seamen, which represents ratings, passed a motion at its recent biennial meeting calling for a £160-a-week basic wage, in effect a 116 per cent increase on the present £74. The autumn pay claim, however, is likely to be for substantial but unquantified rises with specific extra elements.

National negotiations are conducted in the National Maritime Board, where employers are represented by the General Council of British Shipping. Thirteen companies, employing a fifth of the industry's workforce of 60,000, have approached unions to discuss breaking away from national pay talks, a move supported by the GCBS.

Few of these are expected to pull out before the next pay round but within three or four years the industry may have a split bargaining system. Some will remain in national negotiations, while others bargain at company or sectoral level.

The NUS is broadly in favour of the move to company bargaining, but is hesitating over giving too many exemptions from national strikes to individual employers. The officers' unions appear less favourable.

Some companies willing and able to reach their own deals were caught up in the NUS's national industrial action over pay 18 months ago. They wish to be exempted from this in future disputes, which do not directly involve them, but the union is wary of watering down its ability to mount national strikes.

Dockers step up bid for labour scheme extension

BY BRIAN GROOM, LABOUR STAFF

LEADERS OF Britain's 24,000 dockers are to step up efforts to persuade employers in ports outside the national dock labour scheme—the basis of dockers' "job for life" employment rights—that they should join it.

Failure to win agreement from at least one employer could lead to a renewed threat of a national strike. Employers, however, believe there is no mood for one either in the ports or among leaders of the Transport and General Workers Union.

The union called off a threatened national strike in May after the Government agreed to consider "specific and detailed" proposals for the inclusion in the scheme of particular ports.

The union has since approached employers in only eight of the 80-plus ports outside the scheme seeking agreement to a joint approach. The ports stretch from Peterhead and Montrose in Scotland to Watchet in Somerset.

All eight have either rejected the request, or seem set to do so. Employers there fear they will import the inefficiency allegedly encouraged by the scheme in the older major ports, and do not wish to pay the payroll levy to the National Dock Labour Board which membership would entail.

In spite of the slow progress, TGWU leaders believe events will shortly gather momentum. If no employers agree to a joint approach, the union will have to consider making out a case on its own, but the Government is likely to be unresponsive.

Union leaders argue that their researches so far have dispelled the suggestion that their own members in non-scheme ports are lukewarm about joining it.

The impetus to bring them in has tended to come from dockers in scheme ports, who currently number some 17,000.

The growth of ports outside the scheme is seen as cutting away at the basis of dockers' unique employment rights, and some believe they have lost jobs because of the drift to non-scheme ports, which are assisted by the cost edvantage of not having to pay the scheme's levy.

Liverpool strike averted

A THREATENED all-out strike by 30,000 Liverpool Corporation employees, due to start tomorrow, has been temporarily averted by an eleventh-hour intervention.

Representatives of the seven main unions involved are to meet Mr Alfred Stocks, the city's chief executive, to see if an agreement can be reached on the proposed hiving-off of some corporation work to private contractors. The unions fear it could lead to job-losses in an area with a 20 per cent unemployment rate.

Shop stewards, however, still agreed to stage a mass picket at the two corporation wholesale markets from 4 am today. This could disrupt the movement of meat, fish, fruit and vegetables to Merseyside shops.

Employees are angry that the Liberal-controlled city council has agreed to transfer the cleaning of St. John's retail market in the city centre to a private company, with an annual saving of £25,000. The contract is due to be signed on July 28.

The six cleaners involved were assured of alternative employment but 12 days ago stopped work in protest. The 40 cleaners and porters at the wholesale markets came out in sympathy.

BUILDING AND CIVIL ENGINEERING

New city for Mexico

DEVOLUTION has come to Mexico, along with its petro-dollars. Banamex, the Mexican National bank, is currently building a whole community development over several hundred acres to relocate 3,000 bank employees (a total of 8-9,000 people including families) at Queretaro, a hundred miles away from their present Mexico city base.

Total cost of the project will be over $300m (£115m plus). There will be 1m sq ft of offices, houses, shops and other facilities including art galleries, auditoria, a possible theatre and a variety of indoor and outdoor sports facilities.

With the need to attract as many employees as possible from Mexico City, on top of the sheer cost of the project, Banamex is clearly determined to get it right. In planning the office space it has turned to Environetics International Inc., the U.S. company which has made a name for itself as a leading space analysis consultant, and exponent of what has come to be known as "inside-out architecture."

Environmetics has also been asked to carry out a detailed analysis of the potential impact of automation and available office technology on the space requirements. "We're writing the functional design specification of the building before the architect, Ricardo Legoretta, begins to visualise the design form," says Donald Sim, chief executive of Environetic's London operation.

The report includes an evaluation of no less than 1,126 applications of technology which the bank might want to consider. This does not include banking automation as such, since Banamex already has it; but Environetics, through its management technology group, is looking at general operational automation in three main areas—interactive word processing, record retention and electronic mail, and telecommunications.

When Banamex management has reviewed the space analysis report and its implications, Environetics will produce a series of options covering space per head, per department and so on, and will run these through its computers and computer draughting machines to produce differing uses of the total space over differing periods of time.

This will then constitute the architectural brief. In Banamex's case, it will be the architect's job to take these space requirements as the building blocks, or basic constraints, for the building he has to design. In other cases, Environetics will use these kinds of space criteria to evaluate the efficiency and suitability of any building for a client's particular needs.

Mr Sim emphasises that, in all cases, the same disciplines apply. "First," he says, "you create a database; then you translate this into a space or statistical analysis; then apply standards to turn the statistical analysis into actual space planning. Only then do you think about design in the aesthetic sense."

WILLIAM COCHRANE

Planning speed up

THE GOVERNMENT'S commitment to a speedy and efficient appeals system has received another welcome shot in the shape of the first report from its chief planning inspector.

According to Mr Stanley Midwinter, whose report is seen as part of a campaign to improve public understanding of the appeals system, the planning inspectorate's workload continued to grow in 1981, with a record 16,637 appeals lodged—a 2.6 per cent increase over 1980.

But despite the increase, the inspectorate raised the number of decisions forthcoming by 10 per cent, to a record 14,451—of which 12,605 came from inspectors. As a result, the number of appeals in hand fell by 13 per cent during the year to just over 7,600, the lowest level for ten years.

The appeals statistics comes shortly after figures showing that the number of planning applications received by English local authorities in the last quarter of 1981 reached only 89,000, the first time that applications have dipped below the 100,000 mark in any one quarter. Of these, 87 per cent were approved.

Mr Giles Shaw, parliamentary under-secretary of state at the Department of the Environment, wasted no time in claiming credit for the inspectorate's good performance, pointing to the series of measures which have been implemented in order to streamline the planning process, notably informal hearings, express appeals, moves to get earlier inquiries and procedural reform within the inspectorate itself.

Many of the changes have arisen as a result of the report from management consultants who examined the workings of the inspectorate a year ago. The Chief Planning Inspector says the increasingly efficient performance of the inspectorate has arisen as a direct result of improvements in productivity and internal reorganisation and that 1982 should see the current review and development programme largely completed.

"Chief Planning Inspector's Report for 1981," Room 10/10, Tollgate House, Houlton Street, Bristol. £1.15.

MICHAEL CASSELL

Factory of the future

GIANT STEEL components for use in building projects such as power stations, oil rigs, bridges and flood barriers will be manufactured at Cleveland Bridge and Engineering's £26m complex at Yarm Lane, Darlington, which was officially opened this month.

Now part of multinational Trafalgar House, the company has operated for over a century from the centre of the town in Victorian premises, but its new home is claimed to be the world's most modern steel fabrication plant.

When the Duke of Kent pressed the button on computerised equipment that is now the essence of Cleveland's image the gesture heralded an ambitious long-term objective—to export Cleveland's products throughout the world at a time when demand for steel products has been hit by the international recession.

Cleveland's new facilities cover 15 hectares with 26,500 square metres of covered accommodation. The plant has a capacity for 33,000 tonnes of heavy fabricated steelwork a year on single shift working, and Mr Eric Parker, Cleveland's managing director, hopes eventually to have three shifts running a week. Ninety five per cent of the company's orders are for export.

Going some of the way towards recovering the £26m investment are contracts including the October 6 Bridge and Fardos Flyover in Cairo, Hong Kong Bank, phase 1 and 2, and the Castle Peak B Hong Kong power station.

The company's major commitments in the UK involve finishing work at Drax power station, Kneeshaw Lupton Bridge in Wales, Scotland's Killiecrankie Essangal and Allt Girnaig, Rough Project at Port Clarence, and Lee Bridge in the London area.

DEBORAH PICKERING

Challenge to concrete

A REVOLUTIONARY cementless structural material which does not require water for its manufacture has been developed by a Frankfurt-based company. Comprised of 96 per cent calcium-free sand and 4 per cent chemical additive, the mixture can be pressed into cavity blocks, interior and exterior panels or facias, floors and load-bearing walls.

The additive, Gralitbeton, was invented in 1974 by Helmut Hoedt and marketed three years later by his fledgling company Order Verwaltung GmbH. "We are not trying to compete directly with concrete products," Hoedt claims, "although we can be up to 40 per cent cheaper. But we do hope to revolutionise low-cost housing in the Third World."

With this objective in mind the company has designed a special low-cost dwelling to replace slums on the outskirts of Bombay. At a unit cost of DM 2,800 (£652), the $24m^2$ single-storey home includes kitchen and shower, and is made completely from Gralitbetm. A similar exercise for Malaysian development authorities has produced a $64m^2$ house for DM 8,000 (£1,865).

The potential world market for low-cost housing is vaguely estimated at between 200m-250m units, but Herr Hoedt's inroads are naturally more low-key. He has been invited by Indian authorities to outline the planning and financial requirements for a factory to manufacture panels to construct about 600 houses per day.

Surprisingly, Herr Hoedt has made progress in a country which has not been impressed with previous precast or prefabricated construction projects, largely due to the inability of locally produced sealants to make joined panels watertight.

The basic requirements for a Gralitbeton production plant have no geographical restriction and very often occur in modern developed countries which also have housing problems or an economy plagued by ever-increasing building costs.

The criteria for a plant capable of $1,000m^2$ output per eight-hour shift are:

● Abundant supply of calcium-free sand.

● Local chemical plant capable of producing Gralitbeton resin.

● Initial investment of DM 3m (£699,000).

● Semi-skilled workforce of six/seven.

The plant and equipment is of combined German/Italian origin, whereas technical support is exclusively German. The Gralitbeton resin — the key to the whole process — is extensively patented but according to Herr Hoedt "does not require a very sophisticated chemical plant to produce it."

Production costs of the resin are claimed to be low, permitting variations in the Gralitbeton mix. The comparatively short curing time for resultant products drastically cuts extensive storage areas and energy costs. A 2 cm moulding requires eight minutes at 150° C. while hardening larger panels needs 30 minutes at 200° C.

Finished products are 33 per cent less dense than concrete, resistant against humidity and seawater, non-combustible and have a high tensile strength. Products are easily sawn for on-site assembly and can be milled or drilled for electric installations.

The product's greatest single advantage is the fact that water is not necessary for its manufacture. This alone gives it a competitive edge over any proposed cement factory, particularly in arid developing countries.

The only operational plant to date is in Saudi Arabia but later this year a Gralitbeton factory in Malaysia will commence production, while work on an Egyptian plant will begin in 1983. Herr Hoedt is now actively looking at Morocco, Colombia and Nigeria for possible joint ventures.

He acknowledges that America and Europe are huge potential markets and would look seriously at any suggested joint venture. "Our technology is proven, our market will exist as long as concrete products are sold, and our start-up costs are not high. After that, all you need is sand."

UK agent: Bob Terry, Marketing Consultants International, 50 Welsh Row, Nantwich, Cheshire, or Order Verwaltung GmbH, Kaiserhofstrasse 16, 6000 Frankfurt am Main 1, West Germany.

PAUL HANNON

Colour banding of modern brickwork

A PAPER which discusses problems arising from present day brick production, distribution, and on-site handling methods, with particular emphasis on colour variations or banding, has been written by Jack Tye. He is a member of the National Construction Materials Handling Committee and secretary of the Brick Development Association.

The publication sets out facts to provide a basis for designers, builders and brickmakers to work together to overcome the problem of colour banding which can be summarised as follows:

● Brick makers should take steps to pre-mix bricks from different parts of the kiln before packaging. The likelihood of colour variations for a particular type of brick should be made known to the designer.

● The builder should give the supplier a realistic call-off programme in which batches are allocated to specific buildings. The quantities required in each stage of the delivery schedule should be carefully calculated.

For smaller jobs, where site storage facilities permit, all the bricks required should be delivered at one time.

● Bricks should be selected from different packs during laying to avoid patchiness arising from the fact that the overall colour in one pack may be slightly different from another, particularly where packs are drawn from different consignments. It is appreciated that this may introduce a cost penalty.

● Careful attention should be given, at the mixing stage, to reduce colour variation of the mortar.

The author says that difficulties associated with colour variation can be minimised, if not overcome, provided all parties are aware of the realities of the situation and take appropriate action.

Colour Banding — The Consequences of Modern Handling Methods. From NCMHC, 82, New Cavendish Street, London W1.

Around the industry

● THE FIRST Mexican International Municipal Engineering and Public Works Exhibition will be held in the Sports Palace, Mexico City, from November 14-19 next year.

The show has been designed to coincide with ambitious Mexican urban development projects, the need for which has been generated by massive industrial and economical advancement over recent years.

Since it is the world's fourth largest oil producer, Mexico is now committed to upgrading urban facilities in the major cities of Guadalajara, Monterray and Mexico City itself—the last has a population of 14m, expected to grow at a rate which will make it the biggest city in the world by the end of the century.

Mexico is also creating new towns and ports as part of a planned decentralisation policy. Despite recent cutbacks caused by the temporarily reduced world demand for oil, Mexico's determination to follow through its urban development policies has not been diminished.

A comprehensiva CityMex 83 brochure will soon be availahla from Philip Jenkinson, CityMex 83, 11, Manchester Square, London, W1. (01-486 1951.)

● AUSTRALIAN treasurer Mr John Howard says his government has given approval in principle for a major hotel development near the centre of Sydney. The A$80m proposal has been put forward by Apsley Park Hotel Company, as a joint venture between Intercontinental Hotels Corporation (which would operate the hotel on completion) and UK-based Sir Robert McAlpine and Sons.

The Australian government's policy requirement of at least joint Australian/foreign ownership and control would be met by the participation of the Commonwealth Superannuation Fund Investment Trust.

● AMONG THE French-made Sovemat range of vibrating compaction rollers which will be distributed in the UK solely by 600 Group member, George Cohen Machinery, is the ST85. One of three models offered in this country for tha first time, this has a mechanical drive which, claims Cohen, is the most manoeuvrable tandem model of its siza attainable.

Making the range particularly attractive to buyers is its availability on a 12-month free credit basis—plus prices 5 to 20 per cent less than that of competitors, says the company.

GCM says it intends to capture 10 per cent of the market share here within the next 10 years.

● HOUSEBUYERS prepared to exchange contracts within six weeks on a Wimpey property in England and Wales will have free carpets and curtains. This incentive follows Wimpey's autumn marketing package which included 50 per cent subsidy on mortgage rate for the first year and expenses-paid package for first-time buyers.

The Homemaker deal offers a choice from 44 carpets in five ranges supplied by Carrington Viyella, fitted prior to occupation in lounge, dining room, hall, stairs, landing, bathrooms and bedrooms.

An equally comprehensive choice of Dorma curtains is available with fitted curtain track to living rooms and bedrooms with roller blinds supplied to kitchen and bathroom.

UK CONTRACTS

Mowlem motorway job starts soon

WORK IS to start soon on the first section of the new A38 trunk road in Plymouth which has gone to JOHN MOWLEM under an £18.5m award.

The works include a three level interchange at Manadon and a two-level junction with Forder Valley Road. Eggbuckland Road will be carried over the new road on a bridge whila footbridges will be provided et Donnington Drive, Hollycroft Road and Beaumaris Road, and subways at Forder Valley Road and Linketty Lane West. A footbridge and subways will be built also at the Manadon interchange.

The scheme has been desigoed by Devon County Council, and is expected to take three years to complete.

*

FIVE NEW awards for NORWEST HOLST are togather worth £11.4m, including a £4.1m scheme at Bristol Eye Hospital for the demolition of an existing block and construction of a new seven-storey building.

Another hospital joo is £3m worth at Bolton General Hospital for a three-storey unit for the elderly and mentally infirm plus a two-storey geriatric ward block.

In London is a £¾m construction of a supermarket shell and car park for International Stores in Brentford High Street.

Work in Scotland covers construction of a new coal preparation plant and associated rail despatch facilities in New Cumnock, with a value of £3.3m. Finally, Norwest Holst Pipework Services has a £300,000 project for Phase II of the Dalmacoulter outlet main for Strathclyde Council.

*

MYTON (part of Taylor Woodrow group) has secured two refurbishmeot contracts which have a total value of £5.8m, plus office building in Glasgow.

Three floors of Barrington House in Gresham Street in the City are to he refurbished under a contract worth £4.5m which includes the provision of plant rooms and enclosures in the basement and on the roof of the building. The work is for the Legal and General Assurance Society.

The other refurbishing work is valued at £1.3m and comprises the demolition and reconstruction of the interoal floors and walls of a building at 44-46 Cannon Street in the City for Guardian Royal Exchange Assurance.

Strathclyde Council has placed a £365,000 contract for the construction of an office building for the Social Work Department at Norfolk Street/South Portland Street, Glasgow.

*

A NEW £5m project for MILLER BUCKLEY comprises an office huilding with social facilities and manufacturing premises for ITT Cannon electrical components, at Basingstoke.

Under this contract tha company has been totally responsible for the planning stages from initial concept to detailed architectural and structural design and co-ordination of all construction services, such as mechanical and electrical.

*

BRITISH BAKERIES has placed two schemes with a total value of just undar £4m to WIMPEY for factory investments in Glasgow and Newcastle.

Both jobs are for building and civil work, mechanical and electrical services, and cover a £3.5m first phase of a Mothers Pride bakery in Glasgow and a similar £412,000 schema at Wasterhope, Newcastle.

*

BERNARD SUNLEY & SONS will construct a £3.8m eight storey office block in Bedford Park, Croydon, for Guardian Assurance.

The building will have a gross area of about 5,500 square metres and will be of reinforced concrete construction with concrete basement on piled foundations.

*

A LEISURE complex, and refurbishment and extension of an existing hotel on the Langdale Estate, Cumbria, has beeo awarded to BOVIS under a £1.6m contract.

The centrepiece of a time-sharing holiday development, this project will feature 77 Norwegian-style lodges in the "holiday village." Bovis work involves constructing a three-storey complex which will provide swiming pool, gymnasium, squash courts, plus sauna and solarium.

OVERSEAS CONTRACTS

WEST MIDLANDS PIPEWORK ENGINEERING (PED) has been awarded a £10m-plus contract from the Electricity Supply Commission of Zimbabwe for stage two of the Wankie power station project.

This is for the design, supply fabrication and erection of the high-pressure critical services power piping for four 220 MW turbo generator and boiler units. PED is a subsidiary of BSC Tubes Division whose Bromford Works at Birmingham will supply the pipe for the contract.

*

THE CONSORTIUM led by THE ECONOMIC STUDIES GROUP (ESG) with Davy Consultants and Placon has been selected by the Mexican Government to carry out the economic and financial planning for four proposed new industrial port complexes at Altamira, Laguna del Ostion, Salina Cruz and Lazard Cardenas.

The consultancy contract is worth some $2.4m, and the technical bid was selected against intense competition from U.S., Scandinavian, French and Mexican consulting groups says ESG, a member of the Rendel Palmer and Tritton group of consulting engineers and economists.

*

BALFOURS, in association with Saudi Arabian Dar Al Riyadh, has signed a contract for the study and design of sewerage, sewage treatment and storm-water drainage facilities for the town of Huraymlah in the central region of Saudi Arabia.

*

OSV DESIGNS of 332, Carshalton Road, Carshalton, Surrey, has won a contract to design the air-conditioning, ventilation and domestic water services system for an accommodation module on an offshore platform in the Umm Al Dakl field on the Arabian Gulf.

TELEVISION

BBC 2

6.40-7.55 Open University. 10.40 International Cricket. 12.50 pm Interval. 1.00 News; Weather. 1.27 Regional News for England (except London). London and SE only: Financial Report. 1.30 Postman Pat. 3.40 Your Songs of Praise Choice. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Heyyy, It's The King. 4.55 News-round. 5.05 Ticket To Ride. 5.35 Paddington.

5.40 News; Weatherman.

6.00 South East at Six.

6.25 Nationwide.

6.55 Triangle (series).

7.20 Doctor Who and the Monsters. The Ice Warriors.

8.10 Panorama.

9.00 Nine O'clock News; Weatherman.

9.25 Play of the Month: Little Eyolf by Henrik Ibsen. Starring Diana Rigg, Anthony Hopkins.

11.03 News Headlines.

11.05 B. A. In Music (new series) B. A. Robertson introduces a new late-night show with conversation and music.

11.35 Taking The Strain. Series of programmes in which Noel Edmonds investigates stress.

12.00-12.05 am Weatherman.

Tonight's Choice

Tonight is conscience night. BBC-1 (Panorama), agonises over unemployment and one hopes, probably in vain, that it will not offer the same Right-wing platitudes about lean and fit industry and Left-wing solaces on reflation without a care about competitiveness.

BBC-2 concentrates on parts of the world which do not enjoy the luxury of such a dabate. This week the first of a new series, Third Eye, looks at the Philippines. It does so with the aid of Jose Diokno, a socially aware Filipino lawyer who has already run foul of the present regime. Less than a month ago I was in the Philippines, a huge multilingual conglomeration of islands and cultures. It will be interesting to see if the small screen can lift a corner of the curtain on such a huge problem.

Escape of the most delightful kind can be found on ITV in the form of A. J. Wentworth BA, starring the late Arthur Lowe. Set very much in my own school age it is therefore perhaps peculiarly attractive. Will the kids of today ever believe that we were so naive, and gained such great pleasure from such simple things?

ARTHUR SANDLES

BBC 2

6.40-7.55 am Open University.
10.30 Play School.
1.20 pm International Cricket: England v Pakistan from Old Trafford.
7.25 News Summary; Weather.
7.30 Two Foot Tomorrow. The courageous story of Nick Castle.
8.20 The Paul Daniels Magic Show.
9.00 Sing Country from the International Silk Cut Festival.
9.50 Third Eye—The Philippines.
10.45 Newsnight.
11.30-12.05 am International Cricket: England v Pakistan from Old Trafford.

LONDON

9.30 am Sport Billy. 9.50 Predictable Disaster. 10.45 Crazy World of Sport. 11.10 Little House on the Prairie. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Under Fives. 1.00 News. 1.20 Thames News. 1.30 Van Der Valk. 2.30 Monday Matinee: Anna Calder-Marshall, Timothy Dalton in Emily Bronte's "Wuthering Heights." 4.15 Dr Snuggles. 4.20 The Sooty Show. 4.45 Watch All Night. 5.15 Gambit.

5.45 News.

6.00 Thames News. With Andrew Gardner, Rita Carter.

6.25 Help! Community action with Viv Taylor Gee.

6.35 Crossroads.

7.00 The Krypton Factor.

7.30 Coronation Street.

8.00 A. J. Wentworth, B.A. Arthur Lowe, Harry Andrews in "Mud Lark."

8.30 World In Action.

9.00 Quincy. Jack Klugman in "Cover Up."

10.00 News at Ten, followed by Thames News Headlines.

10.30 X, Y and Zee. Starring Elizabeth Taylor, Michael Caine, Susannah York.

12.30 am "Sit Up and Listen" with Dame Cicely Saunders.

† Indicates programmes in black and white.

All IBA regions as London except at the following times:

ANGLIA

9.35 am Cartoon Time. 9.45 International Darts. 10.15 Cicus. 11.10 Hear Here. 11.25 Country People. 11.50 Wattoo Wattoo. 1.20 pm Anglia News followed by weather forecast. 2.15 Cliff-rent Strokes. 9.00 About Anglia. 6.30 Benson. 9.00 Minder. 10.00 News at Ten followed by Anglia Late News and weather forecast. 10.30 Anglia Reports. 11.00 Thriller. 12.25 am Reflection.

BORDER

BORDER

9.30 am History of the Motor Car. 9.55 Vicky the Viking. 10.15 Untamed World. 10.40 The Flying Kiwi. 11.00 Sesame Street. 1.20 Border News. 1.30 Van Der Valk. 2.30 Film: "Nor the Moon By Night." 5.15 Private Benjamin. 6.00 Lookaround Monday. 6.15 Campaign. 6.30 Try for Ten. 10.00 News at Ten and Border weather. 10.30 Thriller: I'm the Girl He Wants To Kill. 11.50 Border News Summary.

CENTRAL

9.55 am The Galway Way. 10.45 Beyond Westworld. 11.35 Stingray. 1.20 pm Central News. 12.30 The Monday Screen Matinee: "The Girl in the Headlines." 5.15 Survival. 6.00 Central News. 9.00 Minder. 10.30 Contrasts. 11.00 Central News. 11.05 Lou Grant. 12.05 am Come Close.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 5.15 Here's Boomer. 6.00 Channel Report. 6.30 Happy Days. 9.00 Lou Grant. 10.28 Channel Late News and weather. 10.40 Thriller: Anatomy of Terror. 12.05 News and weather in French followed by weather/close.

GRANADA

9.30 am First Thing. 9.35 Sesame Street. 10.35 Morning Matinee: "And Father Came Too." 1.20 pm North News. 5.00 Summer at Six and area weather forecast. 9.30 Pro-Celebrity Angling. 9.00 Minder. 10.00 News at Ten followed by Reflections. 10.30 Monday Movie: "That Summer." 12.16 North Headlines and area weather forecast.

GRAMPIAN

9.30 am The History of the Motor Car. 9.50 Sport Billy. 10.15 Untamed World. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 Granada Reports. 1.30 Wilderness Alive. 5.15 The Two Of Us. 6.00 Private Benjamin. 6.30 Granada Reports. 9.00 Strangers. 10.30 Thriller. 11.50 Superstar Profile.

HTV

9.55 am 3-2-1 Contact. 10.25 Kum Kum. 10.45 Clapperboard. 11.10 Vicky the Viking. 11.35 The Greatest Thinkers—Marx. 1.20 pm HTV News. 4.15 Warner Brothers Cartoon. 5.15 Mr Merlin. 6.00 HTV News. 9.00 Minder. 10.28 HTV News. 10.30 Soap. 11.00 Police Story.

HTV Cymru/Wales—As HTV West except: 11.10 am Bailey's Bird. 12.00 Dacw Mam Yn Dwad. 4.20 Oo Safari. 4.45 Sbr. 6.00 Y Dydd. 6.30 Report Wales. 11.00 Nosweithiau Roc, Sêr. 12.00 The Medicine Men. 12.30 pm Weather and closedown.

SCOTTISH

10.00 am Target The Impossible. 10.25 Portrait of a Village. 10.50 Circus. 11.15 Adventures of Parsley. 11.20 Areas in Concert. 1.20 pm Scottish News. 2.30 Action and Adventure. 6.00 Scotland Today. 6.40 Crime Desk. 9.00 Minder. 10.00 News and Scottish News Headlines. 10.30 Late Call. 10.35 Police Story.

TSW

9.35 am Sesame Street. 10.35 Story Hour. 11.25 Untamed World. 11.50 Sally and Jake. 1.20 pm TSW News Headlines. 2.30 The Iron Maiden. 5.15 Here's Boomer. 6.00 Today South West. 6.30 Happy Days. 9.00 Lou Grant. 10.32 TSW Late News and weather. 10.35 Postscript. 10.40 Thriller: Anatomy of Terror. 12.05 am South West weather and shipping forecast.

TVS

9.35 am Untamed World. 10.00 Friends Of My Friends. 10.25 Tarzan. 11.15 The Real World. 11.45 Larry the Lamb. 1.20 TVS News. 2.30 Monday Matinee: "That Lady From Peking." 5.15 Watch This Space . . . That Monday Evening Feeling. 5.30 Coast to Coast. 5.45 News at 5.45. 6.00 Coast to Coast. 6.30 Over the Garden Wall. 9.00 Minder. 10.00 News at Ten followed by TVS News. 10.30 Hill Street Blues. 11.30 The Jazz Series. 12.00 Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Hands. 9.55 Golfing Greats. 10.20 Cartoon Time. 10.30 Bygones. 11.00 Sesame Street. 1.20 pm North East News and Lookaround. 2.30 Monday Matinee: "Father Dear Father." 5.15 The New Fred and Barney Show. 9.00 North East News. 6.02 Gambit. 6.30 Northern Life. 9.00 Minder. 10.30 North East News. 10.32 Thriller: "Cry Terror." 12.00 Learning from Others.

ULSTER

10.00 am Sesame Street. 11.10 World Leaders. 1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Film Fun: introduced by Derek Griffiths. 6.00 Good Evening Ulster. 6.30 Square One. 9.00 Minder. 10.29 Ulster News. 10.30 A New Kind of Family. 11.00 Pro-Celebrity Angling.

YORKSHIRE

9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 World We Live In. 11.20 Rocket Robin Hood. 11.40 Children of Indonesia. 11.55 Captain Nemo. 1.20 pm Calendar News. †2.30 Monday Matinee: "State Secret." 5.15 The Two Of Us (New Series). 9.00 Calendar. 6.35 Happy Days. 9.00 Minder. 10.30 Brass In Concert. 11.15 Journey to the Unknown.

RADIO

(S) Stereo broadcast (when broadcast on vhf).

RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 8.00 Simon Bates. 11.00 Mike Read. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 4.30 Peter Powell including 5.30 Newsbeat. 7.00 Stayin' Alive with Andy Peebles. 8.00 David Jensen. 10.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S) including at 4.02, 5.02 Sports Desk. 5.45 News, Sport. 6.00 John Dunn (S) including 6.50 Sports Desk and 7.30 Cricket Desk. 8.00 Folk On 2 (S). 9.00 Humphrey Lyttleton (S) including 9.55 Sports Desk. 10.00 The Law Game. 10.30 Star Sound. 11.00 Gillian Reynolds. 1.00 am Encore (S) Two's Best. 2.00-5.00 You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composer (S). 10.00 Camerata Bern (S). 10.45 Bach, Beethoven and Chopin (S). 11.20 Mahler's Third Symphony (S). 1.00 pm News. 1.05 Joseph Szigeti. 2.00 Matinee Musicale (S). 3.00 New Records (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Music For Organ (S). 7.00 Let The Peoples Sing (S). 7.30 Proms 82 (S). 8.00 The Lyttelton/Hart-Davis Letters. 9.20 Proms 82 (S). 9.40 An Introduction To Beowulf. 10.00 Schubert (S). 10.45 Jazz In Britain (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.35 The Week On 4. 8.43 John Ebdon. 9.00 News. 9.05 Start The Week With Richard Baker (S). 10.00 News. 10.02 A Small Country Living. 10.30 Daily Service. 10.45 Morning Story. 11.00 News; Travel. 11.03 Down Your Way. 11.48 Ad Hoc Cookery with Bob Symes. 12.00 News. 12.02 pm You And Yours. 12.27 What Ho! Jeeves. 1.00 The World At One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.30 Makers Of History. 4.40 Story Times: "Voices In The Garden" by Dirk Bogarde (S). 6.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 9.00 News, including Financial Report. 6.30 The News Quiz (S). 7.00 News. 7.05 The Archers. 7.20 Start The Week With Richard Baker (S). 9.00 The Monday Play (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Science Now. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 12.00 News; Weather. 12.15-12.23 am Shipping Forecast; Inshore Waters Forecast.

THE WEEK IN THE COURTS

Setback for recording companies

THE LEGAL battle against the bootleggers of recorded performances by artists continues unabated: the latest essay into the murky waters of copyright piracy and bootlegging of the pirated copies is, however, less than helpful to the recording companies who seek to protect their proprietary interest.

In *RCA Corporation v Pollard*[1] Mr Justice Vinelott recently ruled that, while performers are protected by the law, and can bring actions against the bootlegger, the recording companies with an exclusive recording contract cannot so readily invoke the law's assistance.

The history of the courts' attempts to fill the gap in the law started with a case in 1978 called *Ex parte Island Records Ltd*.[2] That was an unopposed application for an order against a defendant who, without the consent of the performers, had made records of musical performances for the purposes of trade. That unlicensed recording was a criminal offence, punishable by a relatively trivial fine under the Dramatic and Musical Performers' Protection Act 1958.

The application for the order was made by performers, whose perfrmances had been "bootlegged" by the defendant without their consent, together with therecord companies with whom the performers bad entered into exclusive contracts. The application by the performers could be granted on traditional grounds, that the legislature had given a specific protection to performers as a particular class of individuals.

The burning question was, and still is, whether the recording companies would have been entitled to obtain such an order in civil proceedings to which the performers, whose performances bad been bootlegged, were not parties. Could they do alona what they could certainly achieve in association with the performers?

At the end of last year Mr Julian Jeffs, QC, a patent lawyer of renown, sitting as an additional High Court judge, had held in *Warner Bros Records Inc v Porr*[3] that the legislation protecting performers did in fact confer not only on performers the right not to have their performances recorded but also accorded to the recording companies the right not to have their recordings reproduced unless, of course, consent was given in writing.

In effect he was saying that the legislation had been passed not merely for the protection of performers but for their recording companies. Mr Justice Vinelott decorously dissented from that view. He found nothing in the legislation which gave so much as a hint that the protection to performers of dramatic and musical performances extended to protection for the recording companies, whether they had exclusive contracts or not. He noted that performers needed the protection which Parliament gave them, because without the intervention of a statute a performer could not claim copyright in an ephemeral live performance.

The primary protection afforded by the 1958 Act was by way of making it a criminal offence to make a record of a live performance without the consent of the performer. The Act extended that protection by making it an offence to deal by way of trade, or to use for the purposes of public performance, any record so made.

The law gave a further, but indirect, protection because it is always open to a recording company, on entering into an exclusive contract with a performer, to require the performer at its request, and on being given a proper indemnity as to costs, to institute proceedings in the civil courts to restrain a threatened breach of the performers' rights. That fact conclusively pointed to the law's unwillingness to allow recording companies on their own behalf to bring such proceedings independently of the performer.

In the *Island Records* case Lord Denning had put the argument for protection to the recording companies in their own right on a broader base. This did not depend upon the scope and language of the statute by which the bootlegger committed a criminal offence against the victim, who was the performer. Lord Denning, in a characteristically innovative way, said that whenever a lawful business carried on by one individual in fact suffers damage as the consequence of a contravention by another individual of any statutory prohibition, the former has a civil right of action against the latter for such damage.

That judicial heterodoxy was roundly declared not to be the law by the House of Lords in the famous Rhodesian sanctions busting case, *Lonrho Ltd v. Shell Petroleum Co. Ltd*.[4] There the Law Lords held that a breach of the sanctions orders, made as a part of the economic boycott of Rhodesia during the days of rebellion, did not give a trader any right of action against someone alleged to be breaking the sanctions orders. Lord Diplock went on to say that Lord Denning was wrong. Mr Justice Vinelott was forced, therefore, to accede to an application by the defendant bootlegger that the recording company's claim should be struck out.

But there was a crumb of comfort for the recording company in a second ruling by the judge. He said that, where a recording company had an exclusive right to record the performances, it might be able to establish a right of property in the performances and, therefore, it might have a cause of action against a defendant, because, in trading in bootlegged records, the defendant had directly or indirectly interfered with that property right. This is known as the tort of actionable interference with contractual rights, whereby a breach of contract is brought about by some act of a third party which is itself unlawful. Direct persuasion, or procurement, or inducement, applied by a third party to the contract breaker, with knowledge of the contract and with the intention of bringing about its breach, is a wrongful act in itself, and is actionable.

Evidence of such an interference with other people's contractual rights might not be forthcoming. The direct approach of a right in the recording company to go after the bootlegger, irrespective of the performer's attitude, seems, therefor, to be urgently required. It should form part of any new legislation protecting industrial and intellectual property.

[1] [1982] 1 W.L.R. 979

[2] [1978] Ch. 122

[3] [1982] 1 W.L.R. 993

[4] [1982] A.C. 173

JUSTINIAN

RACING

BY DOMINIC WIGAN

GOLDEN FLEECE won his Derby in the style of a champion, but one cannot help wondering whether that view of the O'Brien colt sailing home in solitary splendour at Epsom might have given way to a very different picture.

Assert, a twelfth-hour defection from tha Derby has since proved himself on paper the superior of Golden Fleece, while on Saturday Jalmood gave a clear indication at Ayr that he, too, would have been thereabouts at Epsom, had he not pulled a muscle on the descent to Tattenham Corner.

Sent up to the Scottish course for the Mecca Scottish Derby on a 1,200-mile round-trip from Arundel, Jalmood justified a considerable gamble under Steve Cauthen's cool handling. Settled at the back of the five-runner field until approaching the distance, Sheikh Mohammed's bay was then asked to quicken past Palace Gold and Norwick, who had finished a long way in front of him at Epsom, when fifth and sixth, respectively.

Although his response was not immediate on Saturday, Jalmood fairly ate up the ground once under full steam and, after cutting down Norwick's advantage 200 yards out, forged to a comfortable victory.

Jalmood, whose winning margin over a runner-up to whom he was conceding 6 lbs would have been bigger had he gone for the lead earlier, will miss the King George VI and Queen Elizabeth Diamond Stakes and be aimed for the Benson and Hedges Gold Cup.

One impressive recent winner, who will not miss the King George, is Height of Fashion. She was recently sold by the Queen for around £1¼m to Sheikh Hamdan al-Maktoum. The West Ilsley-trained filly is every inch an athlete, but not a matter of potential physical quality for the paddock and the Queen probably made the right decision.

It was a few years back that Dunfermline, with all the qualities of a female Eastern European athlete, overcome Alleged in the St. Ledger before embarking on what has so far proved a totally barren career at stud.

AYR

2.30—Easy Star***
3.30—Mubarak of Kuwait**

WINDSOR

6.30—Wild Coast*
7.50—Silk Sari

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Why Rank Xerox is sending executives home

BY ARNOLD KRANSDORFF

ROGER WALKER is a former personnel manager who resigned his job last October to go solo. When he goes to work today, he will walk a few yards down the corridor of his home near Milton Keynes.

There, in his former spare room, he has installed modern office furniture, a telephone and a micro-computer. One of the first things he will do is contact his former boss.

In itself, Walker's situation is not unusual. Many individuals with ambitions which extend beyond a traditional corporate career, start out on their own from home. Some even get their former bosses to employ them in a consultancy capacity.

This is exactly what has happened to Walker. But where his situation differs is that his contractual arrangement is not a soft form of redundancy.

Walker, aged 37, used to be a salaried member of staff at the international headquarters of Rank Xerox in London. He is the first of about 150 key support staff that the company plans to employ in an imaginative—and possibly revolutionary—experiment that could set a pattern for many other companies.

The company found no difficulty in persuading Walker to become a pioneer. He had always wanted to be self-employed and was going to leave anyway—without the guaranteed consultancy contract he now enjoys. When he heard about the scheme he volunteered to be the company guinea pig and submit running reports on his progress.

The main rationale behind the idea is that if sufficient selected employees can be persuaded to remove themselves from the payroll, and yet continue to work for the company, it will be able to make substantial savings on non salary-related costs.

Rank Xerox calls the new concept networking.

Apart from the cost savings element, the exercise has two other objectives—to provide a practical model for the self-employed professional setting up an office at home and to demonstrate how the latest technology can help bridge the geographical gap with head office.

In Rank Xerox's case, the initial motivation for the whole experiment arose out of an examination of direct and indirect employment costs. Taking into account factors such as pension, perks, canteen and sports facilities and office rental, a rough rule of thumb is that these can add up to three times payroll earnings, particularly for executives.

But at Rank Xerox this ratio was threatened by recent rate rises—up from £0.5m to more than £1m in the past two years. To its horror, the company found that overheads were equal to its headquarters payroll of around £15m a year.

"We saw that costs were getting out of hand," says Derek Hornby, director of staff support and a member of Rank Xerox's policy committee. "So we tried some brainstorming to come up with ways to get round the problem. Two of my staff eventually suggested networking.

"It did not take much brainpower to deduce that costs could be cut by getting rid of some of the overspill accommodation and relocating the 150-odd employees involved into head office. Unfortunately, however, headquarters was already full; hence the idea of getting some key employees to work from home."

Prime candidates for networking are those individuals whom a company does not wish to lose but whose jobs could be reduced to become part-time. In Rank Xerox's case, this will probably include pension advisers, management training and computer personnel.

Hornby insists that the company is undertaking the experiment as a serious attempt to investigate an alternative to traditional ways of working. "All the individuals involved are seen as valued members of the company. It is not a soft form of redundancy."

Including non salary-related savings, Rank Xerox estimates that it could be £5m a year better off once all 150 networkers go out on their own by the end of next year. So far there are eight in the field.

From Rank Xerox's point of view, the arrangement has merit because it frees office space for overspill employees.

It also helps cut the workforce—without an individual's services being lost to the company.

The networking concept was formulated against the background of considerable pressures on the company; intense competition in the midst of a recession, falling profits and a consequent drive to reduce the workforce. Part of this exercise, in his West London region, was managed by Roger Walker himself. In the process he eliminated his own job. But Rank Xerox did not want to lose him.

From the individual's point of view, networking is clearly a calculated gamble, not least because he or she has consciously to trade the relative security of a corporate environment for the precarious status of the self-employed.

Counselling

More directly, the company pension has to be given up, as well as, for example, a company car, a secretary, a subsidised canteen and the use of a telephone for private calls—all indirect benefits which, in an executive's case, could add up to 40 per cent of basic salary.

To compensate for this Rank Xerox has put together what it thinks is an attractive—and fair—package.

In general each networker is offered a two-year, renewable contract to work for the company for a minimum period of two-days a week. He or she is paid a market rate for services rendered.

Over a year this works out to an amount which is usually slightly less than the individual's gross annual salary at departure, says Rank Xerox. In addition, the company makes an ex-gratia payment based on length of service—a so-called termination package which is probably similar to a normal redundancy payout.

On top of this the company helps the individual to furnish his new office; he is offered modern furniture and equipment, including a microcomputer, at advantageous prices. Leading up to his departure—and afterwards—he is also given extensive counselling, particularly on administrative and tax matters.

At face value the deal does not appear to be a particularly good substitute for working in a well-paying multinational. After all, an individual is giving up what is assumed to be a long-term career for a part-time, short-term contract that brings in less than might otherwise be earned.

As a self-employed person, the individual also has to pay his own national insurance contributions, provide for a pension and private health care and—if necessary—buy a car.

Moreover, there is the "social" side of working for a large organisation that has to be given up—the informal, supportive conversations with colleagues and the team involvement.

But Rank Xerox thinks that the part-time element of the deal makes it a very attractive proposition, especially if the individual networker is psychologically suitable and ambitious.

Because the contract normally commits the networker to only two days a week, there is plenty of time to look for additional business. Although this can take time, one executive who resigned last December to become a networker already has a dozen clients.

"None is complaining that he is poor," says Hornby with a certain amount of relief in his voice. He admits that his greatest worry is that a networker will leave "and fall on his face."

Hornby says that only certain executives have been selected initially. "Clearly we need and will always have a 'core' staff within head office for day-to-day management. Many functions, however, can be fulfilled by networkers.

"They will not be staff as we understand the term; they will act as part-time consultants in their specialised field, and we expect and have found that they continue to demonstrate the same creativity and loyalty which they demonstrated when working inside head office."

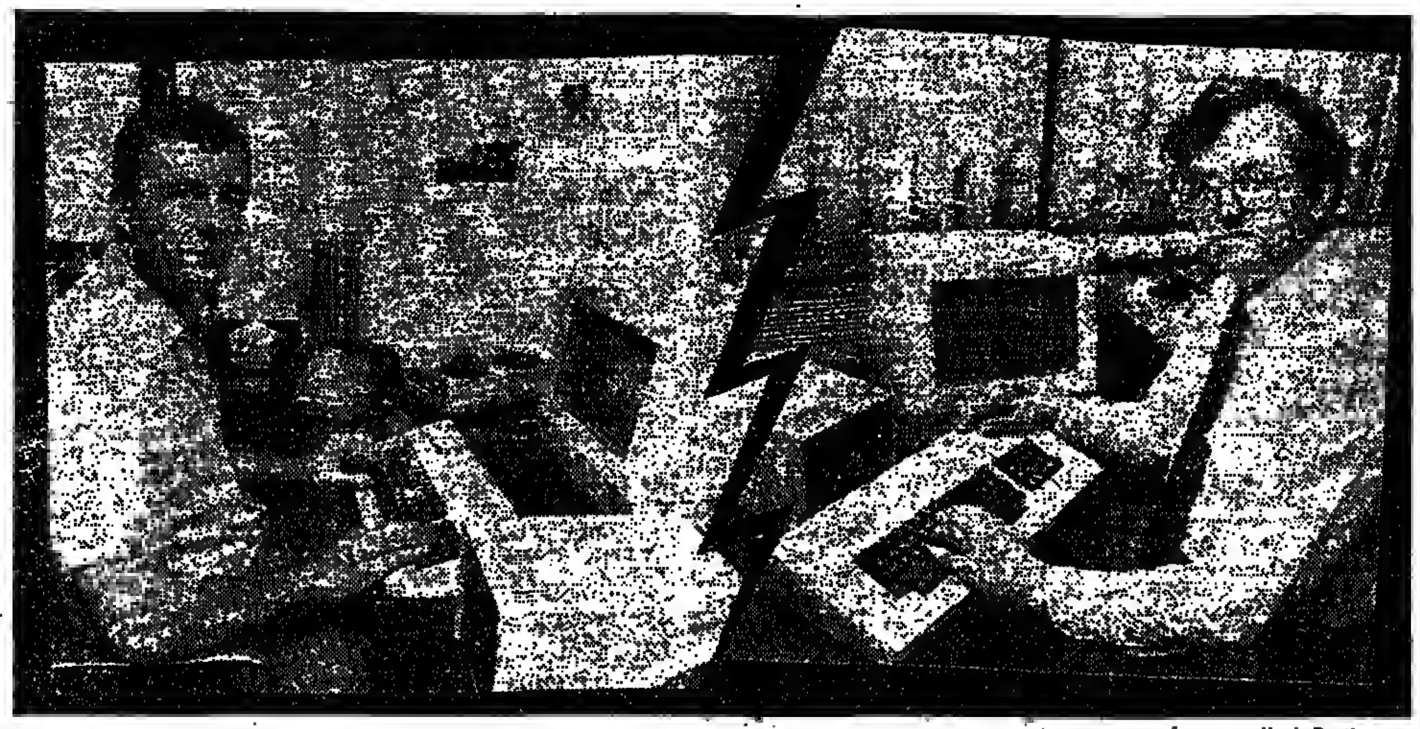
Hornby explains that the company treats the individual networker as it would any other supplier—"the jobs to be done are defined and a price fixed for satisfactory completion of the task." The networkers are then "encouraged and trained to use the remainder of their time selling to other companies, or pursue other interests as they wish."

He says that the individual networkers are chosen because of their value to the company and he hopes that the association will continue beyond the initial contract. "We hope they will sign up again. The risk we run is that they are doing so well, they won't want to work for Rank Xerox."

Through using the networking concept Rank Xerox believes it is pioneering a new method of organising work which allows for substantial cuts in costs, builds on the prospects opened up by new technology and seeks to enhance the motivation and opportunities open to existing staff.

If the experiment proves a success commercial property developers and rating authorities might rue the day Roger Walker resigned.

Tomorrow: What the guinea pig feels about the experiment.



Roger Walker (left), Rank Xerox's guinea pig "networker," communicates with Phil Judkins, his former boss at headquarters, via a computer link — Hugh Routledge

Business education to go on the air despite setbacks

BY ARNOLD KRANSDORFF

AFTER years of deliberation, including a short period when co-sponsorship with an outside educational body was considered, the Open University is to launch its own programme of home-study courses for managers.

The university's "Open Business School" starts in September next year with the first of 25 "post-experience" courses that could lead to a diploma. The courses are being specifically designed for the practical manager who has neither the time nor the funds to take a residential programme.

They will be less academic than first degree and higher degree programmes already put out by the Open University for business-orientated students.

Effective

The university's existing programme covers such topics as statistics, organisational behaviour and systems modelling, while the new series of courses will include subjects like exporting, marketing, financial decision-making and personnel selection.

The first course will be called The Effective Manager and will require around 100 study hours to complete—the equivalent of a three-week residential programme. Most of the other courses will take between 50 and 100 hours.

The decision by the OU to go it alone follows the breakdown in January of talks with Henley, the Management College, to co-sponsor a degree-level management training programme.

The joint venture had appeal for both institutions with the OU contributing its experience in distance learning techniques, and Henley utilising its expertise in management education.

But negotiations collapsed over disagreement about educational objectives, and difficulties over aligning different institutional practices.

Henley has already announced its own home-study programme, which will start early next year. Costing about £250 per course, it will incorporate an integrated package of texts, video and audio cassettes, with limited tutorial backup.

The Open University's courses will cost between £150 and £250 and use correspondence books, television (open circuit and video) and weekend schools. The whole exercise is being sponsored to the tune of £110,000 by the Foundation for Management Education, the body which in the 1960s raised the initial funds to establish the London and Manchester business schools.

To obtain an OU Diploma, a student will have to complete about 10 courses, attend a week-long residential course and undertake a short research project.

Professor Charles Handy, a visiting professor at the London Business School, has been appointed senior academic consultant. A director in charge of the new programme is expected to be announced later in the summer.

Brian Lund, the OU's programme co-ordinator, says that research showed that many thousands of managers felt the need for more training but they and their companies often could not afford to take time off to attend courses.

No limit

"What we are now offering will achieve the same results as a top quality residential course lasting several weeks but it will avoid all the hassle and a lot of the cost."

Lund says that the first course, which is costing around £250,000 to launch and run, will be limited to about 1,000 students. Subsequent courses will be open to many more.

"In strict terms there will be no limit to the numbers we can take," he adds.

To be cost-effective, however, Lund admits that he will "have to pull in very large numbers of students." With the Henley venture, this will be the first time that home-study management courses have been offered in the UK, so educationalists will no doubt be keeping a close eye on the response from industry and the public.

TECHNOLOGY

EDITED BY ALAN CANE

BARRY RILEY meets the creators of the most popular 'What if?' microcomputer program

VisiCorp on an upward sales curve

"SOFTWARE technology will be big news in the next 18 months," promises Dan Fylstra, chairman and co-founder of VisiCorp, the San Jose, California, software house which is widely credited with having made possible the explosion in the use of personal computers in the business environment.

The key product was VisiCalc, an electronic "spreadsheet" which dramatically reduced the learning time needed to make use of personal computers. It is claimed that more than a third of the personal computers used in business are equipped with VisiCalc.

This program, introduced in 1979, is a kind of electronic worksheet. It allows the user to enter alphabetic or numerical information in a row-and-column format. VisiCalc can cope with many number problems in areas like finance, investment, marketing or engineering.

Once the user has entered the data in the form of individual items and totals he can then begin to analyse the information and assess the impact of changes to any of the components.

For instance, any number in the problem can be altered, or different percentage changes applied, and the model will instantly calculate the effect on all the other numbers. At present VisiCalc sells in the U.S. for about $250.

Since VisiCorp was founded in 1978 it has shipped more than 500,000 software packages, and is on a rapid growth curve. Sales are at present running at an annual rate of more than $30m.

Power

Although VisiCalc was developed by a New England company called Software Arts, and VisiCorp continues to deal with outside designers, the company has built up a big internal program development capacity and does roughly 75 per cent of its work in-house.

It says this emphasis is necessary because it aims to build a strong market position on the basis of an integrated system of business application programs.

VisiCorp is preparing for the introduction of the next generation of personal computers which will offer four or five times the power of the present generation, and will open up many new possibilities for software designers.

Apart from VisiCalc, the company at present markets a range of products including the VisiPlot graphics program, the VisiDex information retrieval program and the VisiSchedule program which facilitates the planning of future tasks and commitments.

VisiCorp sees its business as that of providing ways of improving productivity in offices. This will be made possible by the widespread adoption of personal computers by large companies.

So far most personal computers used in business have been bought on behalf of individuals for their own use. But now, VisiCorp believes, the computer industry is on the edge of a big step in extra market penetration.

According to Dan Fylstra, personal computers have been used almost as toys, and certainly on an experimental basis. "Now, personal computers have clearly become legitimate tools in companies," he claims.

But this poses a big challenge to the software designers. User friendliness is now a critical factor. Whereas up to now most users of personal computers in business have been enthusiastic to some degree, and have been prepared to make substantial efforts to master the machines, the hardware will increasingly come under the control of users who are indifferent, or even hostile.

This will not be such a receptive market for the present range of VisiCorp programs, which typically come with a hefty 200-page instruction manual.

The company is therefore planning for major changes of approach in launching its second generation programs. While the first generation is being marketed through an elaborate dealer network, VisiCorp has now also recognised the need to work closely with the big "Fortune 1,000" companies which it hopes will represent a big additional market.

Feedback

Such companies are large enough to buy hundreds of personal computers at a time, making this a potentially attractive direct market for the accompanying software. Meantime, VisiCorp is building on the extensive feedback from existing users of its products in order to broaden the appeal of its next generation of software.

Hardware capability is expected to take a quantum leap, with prices, however, staying at about the $4,000-$5,000 level. Because of this, says Dan Fylstra, "software designers don't have to compromise any more." The problems are seen as relating more to human interaction than to technology.

VisiCorp's aim is to provide a whole system of interlinking software. The products will be easy to use: much more instruction material will be included on the diskette and there will be only a few pages of printed guidance. All the software products will be available at once, so that the user can move instantly from one to another.

For example, the personal computer user will be able to carry out word processing, financial planning, statistics and graphics, and other operations, without changing programs or interrupting his chain of thought.

The development of such software is seen as being essential to the success of the next generation of personal computers.

Just as the present range of hardware such as Apple II has relied heavily upon programs like the VisiCalc, so the next generation will need to be backed by software which will make personal computers easily acceptable in a broad range of office occupations.

Data display

Graphox system

A SYSTEM just introduced by Graphox of Oxford allows an executive to build up his own data base and display the accumulated result in graphical form, in colour, on a desk-top screen.

According to Graphox, this database approach has previously required an expensive mini or even a supermini computer. By implementing the idea on a microcomputer, it has been possible to produce a system that can deploy full facilities in colour at a price of £14,700; lesser facilities, in monochrome, can be offered from £8,500.

Since the user is unlikely to be a computer expert, great attention has been paid to simplicity of operation and speed. Data entry uses a very rapid question-and-answer technique and the user just follows simple prompts. The historical data entry routines permit the entry of large quantities of data over a long time period. There are comprehensive error checking routines.

At any time on demand the machine will reproduce the data in time v. variable form in a few seconds. Scaling and annotation of graphs, which can be in continuous line or histogram form, is automatic. The built-in micro takes care of date divisions on the x-axis and unit divisions on the y axis.

The use of colours on the screen can be changed to suit current requirements and up to seven can be employed. Hard copy of anything on the screen can be produced.

Apart from being able to scan backwards and forwards in time, "windowing" in on any particular period, it is also possible to apply statistical routines to the data. Up to four moving averages can be applied and techniques such as regression can be employed.

The system, called Dataplot, will later be capable of taking data from an existing mainframe or minicomputer so as to update existing stored graphs. More on 0865 42597.

GEOFFREY CHARLISH

Safety

Breathing system

NOW available from Safety Air Products of Wigan is a U.S. designed emergency breathing system. It consists of a 60 litre air bottle with mouthpiece or half mask. It is claimed to be ideally suited for divers as a back up device or for firemen or anyone who may become involved in a toxic atmosphere.

Safety Air Products (0942 222141) are stockists at the moment but hope to manufacture the device under licence from Submersible Systems of California.

How you raise the money is the exciting part of the computers and software scene

Two marketing examples after a little help

BY ALAN CANE

THE EXCITEMENT in microcomputers and their software lies less these days in the products themselves and more in the ways their makers secured the necessary finance and marketed the results.

Good examples are two newish UK companies, Iotec, a recent addition to the Unlisted Securities Market, which makes the "Iona" microcomputer, and TABS, creators of general purpose business software for microcomputers which has been given a hefty chunk of finance by Hambros Bank.

Iotec was started by David Atkins and David Greetham: both had considerable experience of the computer world through their computer bureau Century Computer Centre—which provided the initial finance during the two years they were designing and building the "Iona."

It is a comparatively orthodox 8-bit machine, nicely styled in funereal black with some attractive bells and whistles.

A single key, for example, is used to "boot" (install in the computer's own memory using a few simple built-in instructions) the most popular microcomputer operating system, CP/M.

Supplier

The main memory can be expanded to 262,144 bytes by clever electronic switching and eight colours in 64 shades are available.

All this on a system which sells for about £3,000 complete with screen, colour printer and 5¼ in floppy disc drive.

The drive is single and units can be stacked one on top of another. The drive supplier is Shugart and Mr Atkins shies away from the idea of using a mini-Winchester hard disc: "When they are reliable enough we will consider them."

The Iona is sold through a dealer network (20 appointed and discussion going on with another 30). The idea is that the machine is cheap and modular (educational establishments, for example, need not take a disc drive, they can make do with a cassette for storage).

The customer is expected to work closely with the dealer to get the most out of the machine.

If Iotec is building its dealer network, TABS already has 300—80 of them having taken a training course and passed an examination.

The company is run by Terry Poole, ex-Floating Point Systems, and its general accounting software was designed and written by co-director David Rogers, ex-Quest Automation.

A Hambros man, Jonathan Stuart, ex-Laserscan of Cambridge, also sits on the board to watch over its investment of £150,000. Mr Stuart has the role at Hambros of looking for suitable high technology investment opportunities.

TABS offering is a suite of related microcomputer software packages, pre-written, generalised accounting software that should run on most popular machines including the Apple, Pet, IBM, Sirius and so on.

Each package — purchase ledger, nominal ledger and the like costs £199; less ambitious modules like sales order processing, cost £99.

An interesting feature of TABS system is the "dongle," a hardware device designed to prevent software piracy.

It is a little box given free with the package which fits on the printer port of the computer and allows only software with a certain serial number to run on a computer with the same number.

Nightmares

It is impossible, Terry Poole reckons, to completely debug (eliminate errors) in such generalised software, so he offers customers £5 for each bug they find.

He reckons that £2bn is now running yearly through the TABS system and has nightmares about the effect of a rounding-up error (eight bit machines are conventionally accurate to two decimal points) in VAT calculations—in the VATman's favour, of course.

Iotec on 01-248 4876; TABS on 0264 58933.

Commercial testing

Hatfield service from British Aerospace

British Aerospace Dynamics has decided to offer a commercial testing service at its Hatfield division. The company says the services include environmental, mechanical, acoustic, structural and fatigue testing. A full range of environmental conditions can be simulated for example and BAe says it has developed new forms of testing such as vibration stimulation using acoustic energy. The picture shows a Sea Eagle missile prepared for combined vibration and temperature testing. More information on 07072 62300.

THE ARTS

Architecture

Colin Amery

Behind the facade

How much of a building is a building?

Since the Second World War it has been fashionable among planners and architects to think that conservation can be served by the retention of the facades of old buildings. The "restoration" of the Nash terraces around Regent's Park by the Crown has largely taken the form of keeping the stuccoed frontages of the buildings and completely destroying the interiors, staircases and decorative finishes that compose the whole of the buildings.

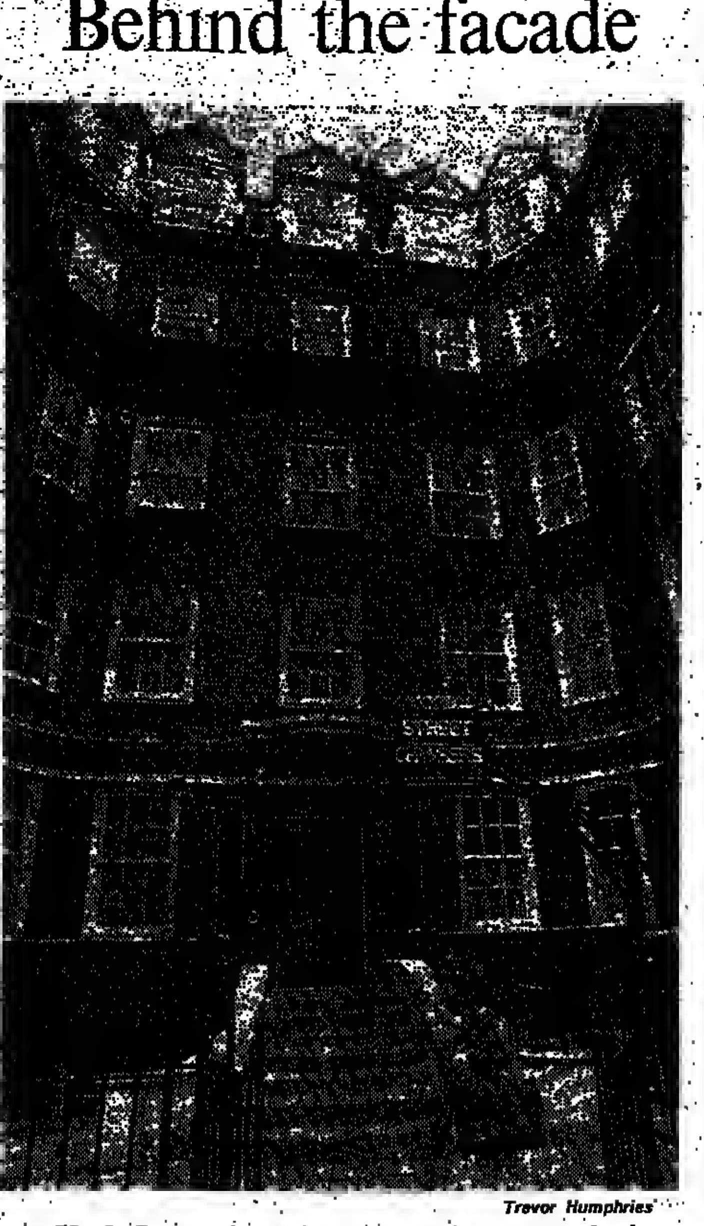
It is now completely impossible to imagine that you are inside a building designed during the heyday of the Regency. Georgian terraces in the centre of our cities have often been gutted in such a way that huge open plan offices run from one end of the terrace to the other. Passing by parts of Gloucester Place in Westminster on a bus in the evening you are confronted by long vistas of fluorescent-lit rooms lurking behind false doorways and balconies. The Civic Trust has often approved of schemes that retain facades and pay no attention to the whole of the building. This is not conservation.

A recent case has been drawn to my attention that demonstrates only too clearly the folly of facadism. In Marylebone there stands a splendid brick building designed by the distinguished architects Balfour and Turner in the 1890's.

Known as York Street Residential Chambers, the building was completed in 1892 to house professional women who needed accommodation in the centre of London. Arranged around a large and handsome entrance hall and staircase each floor has a range of apartments. In the fashion of Oxford colleges tha rooms provide excellent living quarters—bathrooms and a large dining hall are shared.

Today the splendid dining hall, which is decorated with fine tiles, is an old people's centre and the residents have their own kitchens and pantries. Many of the individual flats have large and handsome living rooms with fine fireplaces and cornices. The atmosphere is still that of the best Arts and Crafts buildings. There is a sense of proportion and dignity and an attention to detail and materials that is so unusual today.

This building is a rare survival. In fact it is the only example of its period in London —a similar scheme in Bloomsbury was destroyed in the war.



Trevor Humphries

York Street Chambers, an unlisted London landmark

For both architectural and social reasons the building deserves special care and respect. The present owners are the St Marylebone Housing Association and they have terrible plans to alter radically the nature of the building.

The object of their proposals is to bring the accommodation up to present day standards. This calls for the utmost care to ensure that the fine spaces within each flat are retained. One scheme, which has been shelved for the present, planned to carve up the flats in a deeply insensitive way to create "present day homes" which would have been as nasty as any system built public housing scheme. A programme of gradual improvement could easily be devised that did not disturb the residents or radically alter the nature of the building. It is not enough to assume that the retention of the outward appearance of the building constitutes conservation.

We all know where good intentions lead and York Street Chambers under the ownership of the Housing Association must not be transformed for the sake of a few modern conveniences. In an article published in the *Builders Journal* of 1897 the work of the architects Balfour and Turner was singled out for praise as an example of buildings that were not just the poor quality work of speculation.

There is a grave danger that the Housing Association machinery is as insensitive and careless as any speculator when it comes to tha care of older buildings. One of the residents in this fina London building, who has been there for more than 50 years, revealed that although the Housing Association was asking the residents to move out temporarily, none of the committee had even bothered to visit the flats. How can any charitably disposed organisation be so cavalier?

It is vital that the interiors of old buildings receive proper protection and that the fashion of gutting them is stopped. The Victorian Society and the Westminster City Council are struggling to get York Street Chambers listed and it is an appalling reflection on the grinding insensitivity of bureaucracy that efforts to secure the protection of this major building in tha centre of London have been underway for more than ten years. The Secretary of State for the Environment has been quick enough to list buildings that are politically more important —he should act now to save a building that is both historically and aesthetically of great vaine.

ysán-dd

Our cities are made np of buildings that are more than facades, their interiors are just as much a part of the fahric of our lives. This building in St Marylebone is just one example that highlights a more general problem. Judging by outward appearances alone is always dangerous, in the case of buildings it can lead to the destruction of historical integrity.

Farewell to Dame Janet

Max Loppert reflects on a great career

On Saturday Janet Baker made, as Gluck's Orpheus at Glyndebourne, her final public appearance on the operatic stage. The Prom *Orfeo* and a television recording of the Peter Hall production are still to come; but from now on Dame Janet's singing voice will be heard only in concert halls, and her special way of fusing musical and dramatic values confined to orchestral song-cycles and oratorio, to Lieder, *mélodies*, and English song. All of the latter form a rich and substantial half-share of her art; the notion of retirement is therefore inappropriate. But that one of the very few complete operatic actresses of our day should have determined upon abandoning the other half-share—and we may confidently presume that, unlike Patti, Melba, Tetrazzini, and the other infinitely farewell-taking stars of operatic legend, Dame Janet's determination will prove unshakeable—is a very singular decision indeed.

The departure of an opera singer not yet 49 is in itself not the singular part of it. Pauline Viardot, at this age, had long left the stage, her voice (if not her artistry) reduced by a self-confessed profligacy and ambition in its usage; Giuditta Pasta was a vocal wreck ("Ah, yes," Viardot is supposed to have said of Pasta's last, ill-advised London appearance, "a ruin — but, like Leonardo's Cenacolo, the greatest ruin in the world!") and Maria Callas a pale, melancholy shadow. If any of this season's three farewell roles, Gluck's Alcestis and Orpheus and Donizetti's Mary Stuart, had shown Dame Janet to be heating a necessitously hasty retreat, the tale would be sadly familiar.

But while Mary revealed a comparative reduction in sheer amplitude and freedom at extreme ends of the register; while the dramatic soprano role of Alcestis required (as it would have at any stage of Dame Janet's career) the tailoring to her means of downward transposition; and if in general one at times missed the unique quiet tonal lustre that the singer in her younger days unfailingly shed, there was in both performances a generous sufficiency to convince one that great vocal powers were there to be unleashed, while the artistic ones were touching new heights. And while it may not be quite true to say that I have never heard Dame Janet do anything more beautiful—more finely phrased and controlled, more exactly scaled to the house and the moment — than Orpheus's "Chiamo il mio ben" on Saturday, the responses to Eurydice in the duet, or the middle verse of the great lament, the invitation provided to make comparisons and reflections of this kind is itself a measure of that singularity of decision I mentioned earlier.

What, in fact, are we losing? At this stage, any attempt at a complete assessment of a career relatively limited in number of roles but full of the highest achievement in them, is bound to seem absurdly premature; yet already certain considerations thereof stand out in relief. Beyond the shock that Dame Janet's total mastery of the stage habitually gave—the poise of gesture, the use of stillness, the way in decisive moments voice and body seemed to act out a single interpretative impulse—this was always, like all great artists, a controversial performer. The strictures, never entirely to be dismissed, of the canary-fanciers and voice-queens regularly told us that hers was not a "real" opera voice—that, in dimension (its most potent areas being contained with a comparatively small range) and substance, in the roles for which it was best fitted (not possibility of here-there-and-everywhere Carmens, Ebolis, or Amnerises), she had to be accounted a special-case mezzo-soprano.

Dame Janet Baker

This is directly linked to the fact that despite successes in a handful of carefully chosen 19th century roles — Rossini's Pippo (*Gazza ladra*), Donizetti's Mary, Massenet's Charlotte, above all the Berlioz Dido — Dame Janet's particular fields of conquest lay earlier and later, and were therefore "special" to the fanciers and the queens, if not to the larger magnitude of British operagoers. Whether in Monteverdi or Mozart, the glorious succession of Handel rediscoveries or in Britten's *Lucretia*, it was a line of natural classicism running through the portrayals that held the key to illumination—a line of true classicism, in which powerful and sometimes searing emotion could be contained within a disciplined over-view of the opera, in which detail could be made unbearably eloquent while never assuming egregious importance, in which there was room for expression of the unsympathetic (Vitellia, Kate Julian) and the comic (Diana-Jove, Dorabella) as well as the noble and the heroic.

Walton's Cressida and Monteverdi's Poppaea, Strauss's Octavian and Composer were, in my view, the nearest this artist came to failure. Regrets that we shall never see her as Fauré's Penelope (and whatever happened to Cherubino?) must now go unassuaged. As Monteverdi's Penelope, as Purcell's Dido, as Gluck's Alcestis and Orpheus, she has left my own generation, just post-Callas, with an example of that supreme and wholly selfless kind of operatic performance which can be called moral at its core and elevating in its effect.

Saturday's *Orfeo* was therefore—needless to say—a painful occasion, but also a happy one. This is not quit the place for a second opinion on the production (though I must confess bewilderment that Sir Peter, an opera director I admire just this side of idolatry, could have found so much in Gluck of softness and sheer sentimentality); Orpheus is at its centre, unobscured, and if Baker memories are what we must now subsist on, the for that alone the evening was substantial and well-balanced. At the end Brian Dickie, Glyndebourne general administrator, presented Dame Janet with a specially bound copy of a letter from Berlioz to Viardot, his "Cher Orphée, Chère Madame," written during rehearsals for their 1859 Paris Gluck revival.

Takacs Quartet/Wigmore Hall

Dominic Gill

The young Takacs String Quartet from Hungary (formerly the Takacs-Nagy Quartet) are one of the most exciting new ensembles to arrive on the European musical scene for a decade or more. Max Loppert praised them warmly on this page when their name was still unknown, after they had won, by the unanimous acclaim of the jury, both first prizes at the Evian Competition in 1977. Last year, after hearing them at Riverside, I wrote that the Takacs were "set to become one of the world's great string quartets. Perhaps even that caution is ungenerous, for on the evidence of this concert, as near as makes no difference, they already are." On Saturday night, that judgment was both confirmed and amplified.

It was a recital of dazzling authority and technical command, of the kind which defeats all the common observations. To single out one, or a handful, of particular virtues is to miss the mark: it is the combination of so many excellences, individual and corporate, which gives the Takacs's performances their distinction. The ensemble is not a blend merely, but a live and vibrant balance of parts: For all that the four voices are so well matched, and move together with such remarkable unity, each accent is so individual and distinct that one is forced, again and again, to the unaccustomed task of real contrapuntal listening.

The Takacs are in this sense what chamber music-making is fundamentally about, and not what it is not about: their ideal sonority is not the chording of an electric organ (with swell and vibrato attachments) but a unanimity whose very expressive quality lies paradoxically in its multiplicity, variety and depth of texture. That should be an obvious point to make: but it is enough to listen to the great majority of our own best young quartets, and not a few of our best older ones, to realise that the point may not be obvious at all.

The Takacs's account of the adagio slow movement of Haydn's G major quartet op 76 No 1 was a model of just such diversity within unity: not "tune and accompaniment" (an effect which even the Amadeus don't entirely avoid in their own recording), but a counterpoint of one principal and three subsidiary voices whose every chord, and every shift of emphasis within a chord, was vitally articulated. Their control not merely of subtle variations of tempo but of a huge palette of sparkling colour in Schubert's early B flat quartet D112 was unfaltering. Their performance of Beethoven's second Rasumovsky quartet was very powerful, made with fine precision, concentration, buoyancy. The audience asked for an encore, and got the pizzicato movement from Bartok's fourth quartet: exhilarating tour de force. The Takacs produce a ravishing sound on what appear to be a fairly undistinguished and unresponsive assortment of instruments — which only prompts the thought: when they get the instruments they deserve, what marvellous sounds could then emerge?

Wapping Open Studio weekend

Last year at this time I wrote at some length on the Wapping Open Studio Weekend, the annual fête when the artists who work there invite the public into that spectacular warren of converted warehouses that overlooks the river at New Crane Wharf and Wapping Wall. They are still there this year until Monday night, all day from 11 to 7, over 50 artists of all kinds —painters, sculptors and craftsmen, are keeping open house.

They have been helped to do so by generous and imaginative support from the Baring Foundation, Blue Circle Industries PLC, BP, Channel Four TV, Nichola Jacobs, and Saatchi and Saatchi. This year I shall do no more than urge you to support the initiative and make the trip down Wapping High Street. If some of the work you find there surprises or puzzles you, persevere, go into the studios next door.

W.P.

Jessye Norman at Stton Place

Jessye Norman will perform at the opening concert at Sutton Place near Guildford on July 21. She replaces Julian Lloyd Webber who has been taken ill. Tickets, which include a tour of the house and gardens and supper, cost £20.

La Prise de Troie/Albert Hall & Radio 3

Max Loppert

The first and third evenings of the 1982 Promenade Concerts — reflecting the so-called "French theme" that underlies the planning of the season (so-called because little consistency marks the development of that theme) — were given to the two parts of *Les Troyens*. Opportunities to hear, let alone see, the great work are not so frequently come by that one could afford to pass up the occasion. Gratitude, therefore, first and foremost, for the lavishness that the BBC can still run to when pinched pennies and tightened belts are elsewhere the order of the day — a lavishness that tiered the Albert Hall with ranked choruses, that dispersed brass bands and harps to high balconies and distant boxes, that presented the opera grandly, as a concert spectacle.

That gratitude will probably survive the critical sniping that of sad necessity here follows; but a general judgment on Friday's Part 1 (a notice of Part 2 will appear tomorrow) has to set the thrill that rises in any Berliozian at the very first notes of this masterpiece, against the growing disappointment that so much of the execution should have proved so unworthy of it.

The decision to give the opera in two separate parts was surely misguided (that memorable Prom Saturday in 1968, when many of us encountered *Les Troyens*, whole, for the first time, afforded a great occasion as well as an example of how to do such things within the Prom schedule). The decision to supply two narrators (Dorothy Tutin and Richard Pasco) was yet more misguided: for the unfortunate pair were already redundant before they opened their months, and then destructively intrusive when they did — the talk that delayed the great sequence of warrior's dance into Andromache's pantomime, and that later put a brake on the great surge of Aeneas's first frenzied entrance, was all but intolerable.

But all this could have been borne, and even forgiven, had the musical performance showed any determination to rise above the level of a lethargic read-through. Gennady Rozhdestvensky, conducting the BBC Symphony and combined choirs, is a man of many parts. Berlioz —above all the chastened 19th-century classicist responsible for the peculiar leanness and acrid intensity of this part of the opera—is apparently not among them. It was instructive to follow the concert with a full score, and to note how much *crucially important* instrumental detail was allowed to pass uncomprehended, divested of dramatic purpose, and all too often raggedly sounded. There was little sense of the linear tensions of the music—a matter of rhythmic command (which here was mostly flabby) quite as much as of the containment of expressive nuance within the dramatic momentum (which here was all but lost). Coordination of the far-flung groups was shaky. Attack was hesitant. Solos were straggly. What must Rozhdestvensy believe *The Fall of Troy* to be about, that he could conduct it so limply?

If not everything was lost, that was because hearing "spatial" Berlioz *in this hall* is always exciting; and because the cast had impressive moments (and would have had many more supported by firmly shaped accompaniment). Felicity Palmer, singing her first Cassandra, brought to it the same finely moulded style, powerfully passionate and cleanly chiselled, the same eloquent French declamation, that marked her recent Gluck Armida; there were touches of strain at the top, but there was also a genuine grandeur of bearing on which a "real" account of the work deserved to be based. Richard Cassilly's big tenor, characteristically nasal, is of Aeneas dimensions; John Shirley-Quirk, despite tone a touch soft-grained, drew a sure line in Chorebus' music; and supporting roles were in safe hands.

Royal Ballet/Battersea Park

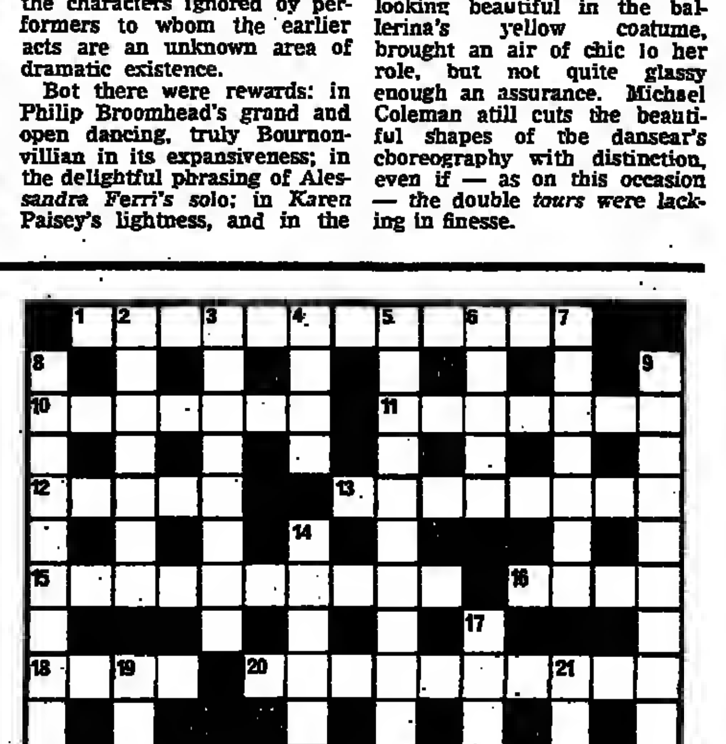
Clement Crisp

I am not an admirer of ballet under canvas. I think the Big Top a makeshift affair, inconveniently sited, victim to aeroplane noise and various other *annoyances*. The *stage, though*, is good, and very forward-projecting for dance. So, in Thursday night's mixed programme, *Napoli's* happiness came directly towards us, and the ensemble seemed less stuffily posed than at Covent Garden. There are nuances and sweetnesses of Bournonville style which escape the soloists, and there is a larger matter of the identity and motivation of the characters ignored by performers to whom the earlier acts are an unknown area of dramatic existence.

Bot there were rewards: in Philip Broomhead's grand and open dancing, truly Bournonvillian in its expansiveness; in the delightful phrasing of Ales*sandra Ferri's solo*; in Karen Paisey's lightness, and in the crackling rhythms of the final tarantella. It made me want to see the whole ballet carefully and lovingly staged for the company.

I do not think that *Scènes de Bollet* is a work for the tent. It needs the formal dignities of an opera house to frame dances which are themselves a distillation of opera house halletic manners; patterning was lost, and there seemed some disintegration of choreographic incident, as if the piece had started to fragment when taken away from the confines of a real theatre. Marguerite Porter, looking beautiful in the ballerina's yellow costume, brought an air of chic to her role, but not quite glassy enough an assurance. Michael Coleman still cuts the beautiful shapes of the danseur's choreography with distinction, even if — as on this occasion — the double *tours* were lacking in finesse.

F.T. CROSSWORD PUZZLE NO. 4,926



ACROSS

1 Senior sailor trifling with policeman (5, 7)

10 Press Association going to conference of a type incorporating old manuscript (7)

11 Instrument holding vessel that is egg-shaped (7)

12 Lemur to be found in canal or island (5)

13 Flag His Majesty? It's all bull! (8)

15 True magic's re-created by Melpomene (6, 4)

16 Encircle a power transmitter (4)

18 Beefeater with tenon we hear (4)

20 Confused type of interrogation in a course (5, 5)

23 Samuel's memorial stone chapel (8)

24 Article extended in time throughout (5)

26 The stopping of a casa contain no French clothing (7)

27 House in condition that's atrocious (7)

28 Leave mad type of store (12)

DOWN

2 A ropa I'm getting exchanged in big shops (7)

3 Old-fashioned rotisserie becomes mine (8)

4 Throw out a book about us (4)

5 Ground wheat I cast off grew luxuriantly (10)

6 Type of staff to thwart (5)

7 Understand how to convert into money (7)

8 What clumsy cooks do to let out a secret (5, 3, 5)

9 Specialist doctor got mortalised differently (13)

14 Double-dealing on both sides (10)

17 A note on race in male descent (8)

19 Nymph holding sea-fish (7)

21 Type of crustacean I steep in liquor before a party turns up (7)

22 Supply with knick-knack from the east (5)

25 Pretend it could be counterfeit (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

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Monday July 19 1982

The trains go on running

IT IS a long time since the TUC intervened so effectively and so responsibly in a major industrial dispute as it did in helping to avert the threatened closing of British Rail. The last example that comes to mind is the TUC's intervention in the fire brigade dispute in 1977, but that was under a Labour Government where relations between government and unions are supposed to be somewhat more friendly than in the present climate. Besides, the 1977 intervention secured a distinctly favourable settlement from the firemen's point of view. This time the TUC has firmly dished one of its own affiliated members. On the basis of the statements coming from Aslef yesterday, there can be little doubt that the union leaders feel that they were undermined by the very body to which they were looking for support. A few days ago, Mr Michael Foot, the Labour Party leader, appeared to have come down on Aslef's side. The TUC has overturned all that: Aslef members are going back to work, flexible rostering is likely to be accepted and the railways will remain open.

Realism

But it was a pretty close run thing. Neither the Government nor Sir Peter Parker, the head of British Rail, would have predicted with any confidence at the end of last week that the strike would be called off. And while the TUC is to be congratulated for coming down on the side of realism, it is still not the end of the matter.

Aslef is a small and declining union. The "f" in the title stands for firemen, which is an anachronism in modern trains. It would be much better, as Mr Sydney Weighell of the much larger National Union of Railwaymen has argued for many years, if there could be a single union for all railway employees. The board of British Rail would know with whom to negotiate and would not have to sit idly by as the unions quarrelled among themselves. If the TUC wants to become active again in influencing the industrial affairs of the country, it might seek urgently to promote a merger.

There is also a point that goes beyond the railways. Aslef was defending outdated and restrictive practices which can no longer, and should no longer, be financed. But it is not alone. The TUC came down very belatedly, and under extreme pressure from government, the BR board and public opinion, in favour of reform.

Yet if it wants to persuade outsiders of its argument that it is not opposed to technological change, provided that there is some amelioration of the social and economic effects, it needs to become more assertive. The TUC may be full of good intentions and has produced some excellent documents. The doubt is about its ability to deliver. The intervention in the rail dispute could give it renewed self-confidence.

Policy

There is a lesson here for the Government too. Mrs Thatcher's administration has tended to ignore the unions, or at least to seek to keep them out of the political processes. The latter is right; the role of the unions should be industrial and social. But the rail dispute has shown that the TUC can make a helpful contribution to industrial affairs which the Prime Minister has not gone out of her way to encourage. It would be foolish now to gloat at Aslef's discomfiture.

Now that the strike is off, the Government would also be wise to look again at the idea of a long term transport policy. It was one thing to risk the running down of the railways, but in the end such a policy would require rather more expenditure roads.

Sir David Serpell, a former permanent under-secretary at the Ministry of Transport, was appointed a few months ago to produce a report on the railways' long term future taking into account all relevant considerations of finance and alternative policies. His committee's findings, due by the end of the year, become more relevant than ever. The Government needs to be able to say to the unions what kind of a railway system it envisages if industrial relations and financing can be made to work.

Litmus test for Bonn's principles

MOST, if not all, European governments accept that they cannot simply stand by when big companies threaten to collapse. The significant division is between those that leave lame ducks in perpetual intensive care and those that fare up to the problems of industrial restructuring with all the attendant electoral risks.

The misfortune of Herr Helmut Schmidt's government, and more specifically the Social Democrat (SPD) part of it, is that it now confronts one of the tougher restructuring jobs in Western Europe at a time of mixed economic fortune and maximum political sensitivity.

The handling of the troubled electrical giant AEG-Telefunken will be regarded around the world as a litmus test. Any deviation from West Germany's traditional adherence to broadly liberal economic principles will almost certainly be taken as a tell-tale sign of incipient weakness in an economy that has hitherto been considered the most robust in Europe.

Growth

AEG, with an annual turnover of £3.4bn and some 124,000 employees at home and overseas, is neither a special case nor a lost cause. It is involved in numerous growth sectors such as information technology, electronic components, and defence equipment.

The trouble is concentrated in consumer electronics, where AEG lacks the volume to compete with Japanese and other large producers, and household appliances, where recession and high interest rates have taken a heavy toll. In addition AEG has been hurt by President Reagan's decision to put obstacles in the way of the Soviet gas pipeline. Casting a further shadow over it all is a mountain of debt: net borrowings of £940m at the last balance-sheet date amounted to more than five times shareholders' funds and minority interests.

AEG cannot survive without more cash. Last week the Government provided some short-term accommodation to the tune of £139m, which buys time to implement a reconstruction plan involving an element of forgiveness on existing bank debt, an injection of outside capital by a major foreign company (Britain's GEC is the favoured candidate) and the provision of equity and loan guarantees by provincial governments.

The success of this exercise could, however, be jeopardised by the workforce, which has so far been exceptionally hostile to the proposal that GEC should take a 40 per cent stake in one of the main components of the reconstructed group. In defiance of all stereotypes GEC's Lord Weinstock is billed as the super-efficient British hatchet man who will take the knife to the soft under-belly of a key part of German industry at the cost of thousands of jobs. Yet he is reluctant to persevere unless the workforce drops its opposition.

Against that background there are two obvious temptations for any government. One is to opt for a "national" solution whereby AEG would be steered into the arms of a major West German company such as Mannesmann instead of allowing a cross-border link that made more industrial sense. The other is to continue fudging the issue indefinitely in the hope that either the political or corporate problem — or preferably both—will come off the boil.

Both options make little economic sense and in the final analysis jobs will go and factories will close regardless of whether it is GEC. United Technologies or Mannesmann that buys a minority stake, if the underlying businesses are fundamentally uncompetitive. The question is not who, but when.

Barriers

The tragedy is that the readiness of the banks to continue pumping in money in the past has raised the expectations of the workforce to an unrealistically high level, just as past British Governments led workers to believe that inefficient steel, car or shipbuilding industries were entitled, as of right, to a life support system.

There is, in the 1980s, a genuine question about the ability of West Germany and other European economies to carve out new areas of international comparative advantage, in the face of the technological challenge from the United States, Japan and elsewhere.

Pouring large sums of money into companies such as AEG and putting up barriers to efficiency-creating foreign investment is more likely to freeze factors of production into activities that have lost their comparative advantage than to preserve and create new jobs in the longer run. To date the West German Government has shown a commendable reluctance to be over generous, or to become too closely involved. It is the right and courageous course.

THE RAIL STRIKE

The impact of Aslef's defeat

By Philip Bassett, Labour Correspondent

THE COLLAPSE of the two week strike by Britain's train drivers is one of the most significant union defeats of recent times and its repercussions will be felt throughout the labour movement.

The executive of the Associated Society of Locomotive Engineers and Firemen agreed yesterday to put to a speedily recalled meeting of its policy-making annual conference, under a formula drawn up by the TUC, a recommendation to accept the principle of more flexible work rostering for train drivers and reach an agreement on this with British Rail.

BR thus has within its grasp union acceptance of the productivity issue at the heart of its 12-month dispute with Aslef. Technically, the recalled Aslef conference could still throw out flexible rostering, but this seems unlikely.

Who, then, are the winners and losers? And what is the effect of this deal on the main parties—the unions, BR, the Government and the BR customers?

● Aslef slogans at the London International Freight Terminal (left) and the union's leader, Mr Ray Buckton (above).

● Aslef. The ending of the strike is a major defeat for the union. Aslef leaders were yesterday trying to put as brave a face on it as possible—but privately they acknowledge that it will at best be extraordinarily difficult, and could be impossible, for the union to recover fully from a blow of such weight and force.

Mr Ray Buckton, Aslef general secretary, acknowledged yesterday that to have gone on with the strike, with the TUC, BR, the Government and the country stacked up against the train drivers, could well have meant the end of the union.

It may still mean that—though it would be a slow and lingering decline rather than an immediate knock-out. Flexible rostering will mean the loss of about 4,000 jobs held by Aslef members, reducing the union's official membership to less than 20,000.

While Aslef leaders were keeping their sights firmly fixed yesterday on the sole question of flexible rostering, coming behind that is an even bigger threat to the union: BR plans for single manning in drivers' cabs, which would cut another 2,500 Aslef jobs initially, and could mean further reductions.

The financial effect alone of such reductions in membership would greatly increase the already-strong pressure on Aslef for a merger with another union. Aslef's total assets stand at £2,605,543, according to its last recorded accounts, with a membership income of £1,303,328. Few unions would be able to withstand a 30 per cent drop in income which may eventually flow from yesterday's decision.

In terms of mergers, it is perhaps significant that Mr Buckton's vitriolic attack yesterday on Mr Sid Weighell, general secretary of the rival National Union of Railwaymen, was specifically put as criticism of the man and not the union. Mr Buckton may regard Mr Weighell as a stumbling block to a merger, but the NUR leader is due to retire in five years.

The knives may be out both for Mr Buckton and for his eight-man executive. Mr Bill Ronksley, the union's last president, was summarily dispatched from office by the executive because he signed a deal last year accepting flexible rostering. Militants in the union, particularly if they have to bite the bullet of the new rosters, may well adopt the same tactic with the present leadership.

Mr Buckton's attack on Mr Weighell and on the TUC may be a form of defence against internal criticism. The Aslef leadership needed a scapegoat, for although most of the union's members were still obeying the strike call, there were some signs of solidarity crumbling. Those signs would probably have increased as drivers reacted to BR's recent threat to sack the entire Aslef membership. Unable to attack their own members for weakening resolve, the leadership has turned on the NUR and TUC.

Previous major trade union defeats of this order have been hard for the unions to take. Mr Tom Jackson and the postal workers have never really got over the humiliating collapse of their strike in 1971.

● The rail unions. The bitterness of Mr Buckton's attack on Mr Weighell is partly explained by the comfort the NUR will take from the collapse of the strike. The NUR has for long wanted to take Aslef over—a move which may be hastened by the union's defeat. Mr Weighell has little time for the left-wing attitudes of the Aslef leadership; he will not be sorry to see some of its leaders humiliated.

More immediately, the ending of the Aslef strike lessens the NUR's own humiliation, following the collapse three weeks ago of its own strike over pay and productivity after only 48 hours.

● The TUC. It was quick yesterday to claim that the Aslef decision was not a defeat for the union, but a measure of its concern for the industry. Aslef had unflinchingly faced up to what was a hard decision.

For the unions, there was a lot riding on the strike: if Aslef, the masters at the art of non-co-operation, cannot win such a dispute, what hope is there for weaker unions?

The calling off of the strike is a severe blow to the TUC's campaign against Mr Norman Tebbit's current Employment Bill, and the Government's third labour relations bill now being mooted, on internal union democracy. It will also do little to strengthen unions' confidence in the TUC's central co-ordination of the current pay campaign in the National Health Service.

It is also the greatest humiliation of a TUC affiliated union dished out by the TUC itself since the TUC refused to support Mr Sid Bremen's strike in 1977. TUC left-wingers are already trying to claim they took a principled stand for Aslef. But the claim may be difficult to sustain since no vote for or against Aslef appears to have been taken in the TUC's Finance and General Purposes Committee, the key body in the weekend's negotiations.

The fact that it was the TUC which provided the means for getting the railways back to work may give it kudos among outsiders. To the union rank-and-file it will be taken as evidence of betrayal—even though the Aslef leadership was anxious for a means of getting off the strike hook.

● British Rail. The outcome of the strike—not just its being called off—is a major victory for BR. Sir Peter Parker, BR's chairman, will now be able to go to the Government and show that the industry is setting its own house in order, that it is shifting from long-held restrictive practices. He will seek final approval of such projects as the further electrification of the railway network, which is now likely to be forthcoming.

The outcome is a triumph for the hardline approach to industrial relations, as patented by Sir Michael Edwardes at BL.

The victory was only achieved, though, at a terrible cost. The 17 days of Aslef strikes earlier this year cost £80m, and pushed BR's projected losses for the year up to £165m even before this strike started. At a rate of £8.5m a day losses from this strike, the overall loss from it could be about £120m.

BR, though, will now be able to push ahead with the other reforms it has been seeking—and in particular, will be in a much stronger position to deal with the NUR's refusal to work the single-manned new trains on the Bedford-St Pancras line.

● The Government. Again, the ending of the strike, and Aslef's likely acceptance of flexible rostering, is a success for the Government on a spectacular scale. Following the victory over the Falklands, the Government was in no mood to compromise.

The spectre of a confrontation with the miners led by Mr Arthur Scargill still looms; but some of the wind will have been taken out of the miners' sails by the Aslef defeat. Apart from that, virtually all that is left on the labour relations front, certainly in this pay round, is the NHS dispute.

Despite pay settlements considerably higher than expected in the public sector, the Government is poised to regard this pay round as a success—and the ending of the Aslef strike as another spur in its legal drive against trade union power.

THE TOUGH NEGOTIATIONS THAT LED TO A PEACE FORMULA

THE TUC's negotiations were conducted from their start at 10 am on Friday morning not on the basis of how to give support to Aslef in its strike—but entirely on how to get Aslef off the hook.

The marathon session of the TUC's inner cabinet, the Finance and General Purposes Committee (F&GP), began by hearing evidence from all three rail unions.

Chairing the meeting was Mr Alan Sapper, this year's TUC president. Present were: Mr Moss Evans (Transport and General); Mr David Basnett (General and Municipal); Mr Terry Duffy (Amalgamated Union of Engineering Workers); Mr Frank Chapple (Electrical and Plumbing Trades Union); Mr Tom Jackson (Union of Communication Workers); Mr Doug Grieve (Tobacco Workers' Union); Mr Clive Jenkins (Association of Scientific, Technical and Managerial Staffs); and Mr Geoffrey Drain (National and Local Government Officers' Association). The TUC secretariat was led by Mr Len Murray, TUC general secretary.

Aslef had made its own contacts with committee members before the meeting, was anxious to be given a way out of the strike and knew roughly the TUC's likely position.

Despite this, Aslef opened negotiations with what it must have realised was hardly a serious proposal: that it would enter into new negotiations if BR pulled back the flexible rosters it had already introduced.

TUC leaders told Aslef firmly that they would have nothing to say to BR if that was Aslef's continued position, and that any proposals put to BR must centre on the acceptance of Decision No 77 of the Railway Staff National Tribunal, chaired by Lord McCarthy, which found in favour of BR and of flexible rostering.

After a recess, Aslef came back quickly and acceded this vital point. The discussion then centred on the immediate problem of how to get Aslef out of a strike it clearly could not win.

Aslef wanted the rosters already posted to be pulled back in return for accepting the McCarthy decision.

The TUC, while it had not been directly in contact with BR, knew from the Advisory, Conciliation and Arbitration Service (Acas) that BR was prepared to meet it.

So, early on Saturday morning, the unprecedented sight of a cavalcade of cars, with Mr Murray leading, swept away from Congress House to the Westminster offices of Acas.

There the TUC found BR in a completely uncompromising mood. BR, scenting victory, refused to pull back the 71 rosters currently in force. Eventually, though, it gave a little in order to provide Aslef with a limited means of saving face.

The proposal to operate rosters at another 34 depots from this morning was withdrawn. The 71 rosters would be treated as provisional, and a six-day timetable agreed for the completion of negotiations.

The TUC privately acknowledges this is small beer. But it was clearly a huge effort simply to get that.

Finally, the TUC team returned to Congress House, and put the position starkly before Aslef. There were suggestions yesterday that there had been a vote before the trip to Acas, splitting 5-3, on the lines of: Evans, Jenkins and Grieve (for Aslef) and the rest against, with Mr Sapper, as chairman, not voting.

However, it seems there was no vote; though left-wingers yesterday were clearly trying to cover their own tracks and protect their backs.

There was some consternation at Congress House on Saturday evening that Aslef had not announced its acceptance of the deal. When that acceptance came, all that remained was the ritual of trying to portray a major trade union defeat as something else.

Men & Matters

Lots in a name

If anyone sees himself or herself as the Freddie Laker of tomorrow now is the time to pop up with an open chequebook. Skytrain, the name that Laker made synonymous with low-cost air travel, is for sale to the highest bidder.

Christopher Morris of liquidators Touche Ross, busy winding up the affairs of Laker Airways since the business crashed in February, regards Skytrain as such an unusual and potentially valuable asset that he has turned the business of selling it over to Kit Nuttall of Technology and Innovations Exchange, London. Nuttall is an expert in marketing inventions and patents. He sees Skytrain as an "intellectual property" which could be worth up to £250,000 — "although that is a guesstimate."

Freddie Laker coined the name with cunning inventiveness — the concept of a train in the sky — and made it the spearhead of his bargain flying. While Laker has gone out of business Skytrain remains fixed in people's minds everywhere as cheap air travel. He had the foresight to register Skytrain as a trademark in the United States. In many other countries it is a registered mark of a service business.

The liquidation of Laker Airways has been a bizarre business involving selling racks of air stewardesses' uniforms and small mountains of miniature bottles of spirits. The Skytrain name could be the defunct airline's most valuable possession among the residual assets.

Nuttall has written to 80 world airlines asking for bids for Skytrain. He is looking at two proposals. One big international airline (not a United States company) is prepared to pay around £100,000 for the name. A leading European airline also wants it badly but is apparently so hard up that it proposes to buy with a barter deal using its own airline tickets.

The liquidators are still looking for better offers and are talking to two aspiring airship operators. There is also the possibility of Skytrain being bought by a non-aviation company to be kept in cold storage until travel prospects brighten sufficiently for a new-style Skytrain service to be launched.

Bird brains

My note about the ability of Michael Quinlan, new permanent secretary at the Department of Employment, as a Latin scholar prompts a reader to suggest his skill might usefully be employed by Penguin Books—always assuming the department winks at moonlighting.

Classical scholars browsing in Dillon's University Bookshop, London, have been perplexed by a sign over the Penguin Classics.

Either side of a drawing of a penguin are the words Sphenisci Classici. Simon Pembroke, classics tutor at Bedford College could not relate the handsome bird to his best translation—"wedge-shaped plug for the nose."

You have to be a bird-watcher to know that Sphenisco is ornithological jargon for the jackass penguin—because it has wedge-shaped flippers.

"An alpha to Penguin for cleverness, but an omega for everything else" said another exasperated classics scholar.

Brussels chairs

Leslie Fielding ought to be able to pursue his favourite recreation of "living in the country" more easily now that he is swapping Tokyo for Brussels.

Fielding, who is 50 next week, is maintaining the British hold on one of the most important director-general jobs in the European Commission by replacing Sir Roy Denman at the head of the external affairs directorate.

It is a topsy-turvy sort of move for each man. Fielding, as head of the Commission's Tokyo delegation since October 1978 has looked to Denman as his boss. But the colourful Denman is now off to head the Commission's delegation to Washington and his nominal boss in Brussels is expected to be Leslie Fielding.

The new director-general is credited with having done a good job in Tokyo during a period when Japan's relationship with the Community has been bedevilled by the balance of trade problem. Fielding and his wife went out of their way to understand Japan. She is Dr Sally Harvey, formerly a Fellow of St Hilda's, Oxford, and currently a visiting professor at Keio University in Tokyo.

44th perhaps?

The City of London will shortly have a new Town Clerk. Geoffrey Rowley, currently the deputy, is expected to succeed Stanley Clayton. It will be a popular promotion in the City.

Rowley will hold the oldest surviving local government post. The City thinks that he will be its 44th Town Clerk in 800 years: but not even the City Corporation is absolutely sure.

The City Town Clerk's job can be tough at times. Rowley, in addition to being a conventional chief executive, will have to be one of the principal guardians of the City's special interests, not all of which naturally coincide with the interests of local government at large these days when money is tight everywhere while it remains the City's special stock-in-trade.

On top of that, the City's unabated passion for preserving its independence is always a popular target for free-shooting critics.

Rowley joined the corporation in 1947 at the bottom of the ladder. Now 55 years old he is a keep fit fanatic as befits a former Royal Marine, and plays amateur cricket in the Essex County League. Married with a son and daughter, he is a member of the Basketmakers Livery Company, and the City's own elite, the Honourable Artillery Company.

Money talks

British companies worried about being short on profits and consequently under-valued by a hard-hearted stock market might pay closer attention to their own Confederation of British Industry.

Sir Terence Beckett, the CBI's director-general is pursuing the profit motive in fine style. He is capitalising upon industry's present need for love, care, and advice, by building the CBI conference department at the Centre Point headquarters in London into a highly profitable concern.

In 1981 CBI conferences turned over £500,000 and made a modest financial return. Then Beckett intervened telling his men that the CBI ought to be one of the biggest conference organisations in the country.

He has succeeded in that aim in just a year. CBI conference profits for 1982 are expected to exceed £300,000 by a comfortable margin—not far short of last year's total turnover. He is confident of achieving his new target of £500,000 profits in 1983.

The income will help keep down subscriptions from the 18,000 direct member companies and the trade associations representing some 250,000 companies.

Beckett joined Ford Motors as an apprentice and spent 40 years working his way to the top of that profit-conscious company before going to the CBI. Old habits die hard.

Observer

FINANCIAL TIMES SURVEY

Monday, July 19 1982

Netherlands BANKING, FINANCE AND INVESTMENT

So long as the recovery comes soon the gently-deflating cushion of past profit on which the banks are resting can once again be filled with fresh air. Meanwhile the banks and financial sector generally reflect the relatively parlous state of the economy

Looking overseas for development

By WALTER ELLIS, Amsterdam Correspondent

LAST YEAR at about this time Dutch financiers and businessmen were looking ahead, a trifle self-consciously, to the economic recovery. Today they have put such foolishness behind them and are getting on with the job in hand.

It is rough enough for everyone, but when all is said and done the Netherlands remains a cosy and contented place in which to live and no one doubts that when the upturn does at long last arrive, the Dutch, if not in the driving seat, will at least be helping work the indicators.

It has been said before and it remains true so long as the number employed is substantially greater than the total ont of work, there may he social problems but the economy keeps ticking over. In Holland, there are at present some ½m people out of work—10 per cent of the labour force—and 4½m in jobs. The result is that the unions are less demanding, there are fewer strikes and those companies, the great majority, which do survive will tend to be slimmer and fitter when the time comes to step up production.

So it is that the Amsterdam banking community manages to view with something approaching equanimity the ever-lengthening recession. They do not like it; they fear its heavy hand. They tend not to believe, however, that it is they who will be hit, and of course, with very few exceptions, they are right. Banks have reserves. They may have to dig into them, as at present, but that is what they are for, and so long as the recovery comes round within the next year or two the gently deflating cushion of past profit on which the banks are resting can once again be filled with fresb air. Industry's bellows will be the better oiled and ready for the task.

No prizes, though, for perceiving that this is not the attitude of those made redundant or who are unable to find work after 12 years or more of full-time edncation. Nor is it the way in which the picture is seen by those thousands of small businessmen whose dreams of becoming big were shattered by the hands of the official receiver.

The unemployed in the Netherlands not only face months, or an eternity, of waiting for work, they also have to contend with a growing political consensus that unemployment benefits should be cut and those affected forced to try harder to find a job. Struggling businessmen have to accept that bankruptcies are at their highest level since records began.

For some, then, it is "Bleak House" — for others "Vanity Fair." It is in this context that Dutch ministers, bankers, portfolio managers, stockbrokers and market analysts live and work and draw their conclusions. What are they telling us?

The Government is led by Mr Dries van Agt, as all Dutch governments are these days. Mr Van Agt is leader of the Christian Democrat Party, a large, right-of-centre body. Since 1978 be has presided over a centre-right government of Christian Democrats and Liberals, a centre-left coalition of Christian Democrats, Labour Party and Democrats '66 and the present "rump" administration of Christian Democrats and D'66, which holds office until the general election of September 8.

After the election it is expected that he will form his fourth government, either with the right-wing Liberals alone or with the Liberals and D'66. Only an unexpected left-wing revival or an equally astounding collapse of his own party could prevent his carrying on.

Mr Van Agt is a stern fellow who believes completely in the need for large-scale public spending cuts. The Liberals agree, and D'66 — at present a weak and febrile grouping of well-fed dissidents — appears to as well. Even the Labour Party sees some merit in cuts, while demanding job creation at the same time.

The result of this hard-line drift into Thatcherism is that a programme of major spending cuts is almost inevitable for the rest of this year and 1983. Mr Van Agt has proposed rednctions for the period totalling Fl 11.6bn, and he has just received strong backing for his approach — and encouragement to go further — from a state commission on industry headed by Mr Gerrit Wagner, a former president of Shell.

The aim is to bring central and local government budget deficits below the current high level of 9.75 per cent of national income, and the extent of the problem can be judged by remarks this month by Mr Willem Duisenherg, the president of the central bank, that the state will have to borrow Fl 30bn this year alone if it is to meet its existing commitments.

Debt provisions

The banks, meanwhile, reflect the relatively parlons state of the economy in their own results. Last year, only Algemene Bank Nederland (ABN) of the big four banks boosted its profits, by 10.5 per cent, and 52 per cent of these earnings came from business transacted abroad.

Amsterdam-Rotterdam Bank (Amro) saw a drop of 5 per cent, Rabobank 1 per cent and Nederlandse Middenstands Bank (NMB) a whopping 19 per cent. All of the banks have had to increase their provision for debt allocations substantially, and Dr Andre Batenberg, the chairman of ABN, said recently that there were signs more was being used up than was being paid in.

Each of the big banks, as well as several of the smaller and the main merchant banks, sees overseas business as the key to development, and all are seeking to be main banker to Dutch companies abroad and foreign companies in Holland. ABN has always been important outside the country, but Amro is following swiftly behind and both NMB and Rabo are launching new foreign ventures practically all the time.

Margins are tight overseas, and the competition is fierce, hnt the potential is there and Dutch banks seem determined to increase their market share wherever they trade.

At home, interest rates are down, mortgages are still high and only savings are holding np as private customers prepare for the rainy day that may he just around the corner. Domestic investment, especially in industry, is still seen as risky, and the rising trend of bankruptcies — as many as 8,500 registered companies could go bust this year — is doing nothing to change that view.

Banks are now described as a sound long-term investment (when were they anything else?), with their earnings outlook dominated by loan-loss provisions and improvement in interest margins. However, in view of the depressed mortgage and property market, mortgage banks are expected to continue to make losses.

In the insurance sector, life assurance business has fallen and there is increased competition in the non-life area, hnt Nationale Nederlanden and Amev, it is said, could still turn in a handsome profit dne to higher investment income.

Amsterdam's centuries-old hourse continues to suffer from the general world drift away from equities, and there bave been no new issues for some years. Other, larger stock exchanges are too near and too important to enable the bome-grown variety to do much more than tick over.

The grandly-named European Options Exchange actually got out of the red in its last financial year, but it, too, has been a low-key affair and the prospects for 1983 are only marginally more exciting. Both institutions work and have a real role to play. Neither seems set to live up to its full potential.

In terms of trade, the companies which provide much of the business of the Dutch exchanges have been doing rather well. True, a growing number of small ventures bave been forced into liquidation, with all the misery that entails. Against that, however, many others bave fought stontly against the recession, and the Dutch balance of trade in the first quarter of this year was extremely healthy.

The surplus was Fl 6bn, and even allowing for an improvement in the sales of natural gas this is Fl 4.3bn up on the first three months of 1981.

The central bank and the Ministry of Finance both believe that the strategy of tying the guilder closely to the D-mark is paying dividends, and they say that even the recent devaluations within the European monetary system of the French franc, the Belgian franc and the lire will in the medium-term have little impact on Holland's competitive position.

It is argued that wage demands in the Netherlands have been so moderate this year (less than 5 per cent on average, with inflation at 6.4 per cent) and productivity gains so substantial that the cost of Dutch exports will be down to previous levels within as little as three months. All the while, imports from many countries are growing cheaper.

Over the next year, the Government here — virtually any government — can he expected to wield the axe with vigour in the fight to reduce public expenditure. Many people will get hurt in the process. The hope is that enough robust and bealthy citizens will be left to get things really moving again and that the casualties will not cause too much bother.

The financial community acquiesces entirely and is doing its best to help by plundering foreign markets. No doubt the result will be a prosperous Holland, but the price for some will be high.

Mr Van Agt, Prime Minister: stern approach to major spending cuts

Mr Gerrit Wagner, head of a state commission on industry: strong backing

CONTENTS

Editorial production: Arthur Dawson. Design Philip Hunt


Above is Algemene Bank Nederland, in Vijzelstraat, Amsterdam, the biggest Dutch bank, and right is the foreign exchange division of the Amsterdam-Rotterdam Bank, third biggest, seen from Rembrandt Park, Amsterdam. Amro now has a number of bureaux and offices outside the Netherlands and has recently expanded into the area of international treasury management.

Faced with a continuing squeeze on profits the big four are seizing chances to extend their foothold abroad

Eyes on the international scene for expansion

Banking

CONFIDENCE, that essential element in financial affairs, is far from dead in Dutch banking. Despite an enduring profits squeeze, industrial recession and the imminence of a state-owned postbank, bankers in the Netherlands are generally sanguine about their prospects for the next 12 months.

They dn not expect a sudden turnround into Sixties-style growth, but they continue to husband their domestic resources with calm and authority while extending their foothold in international markets.

Lending remains the main activity, of coorse. But, with Algemeoe Bank Nederland and Amsterdam-Rotterdam to the fore, the country's big banks are now also of growing importance as intermediaries between investors and borrowers in industry. They are also more active than ever in the capital markets.

Abroad, ABN, with its long tradition of overseas banking dating back to imperial times, continues to steam on in majesty, making good use of its substantial network of foreign bureaux sod customers. Amro, meanwhile, bas been working hard to refine its 1970 image of mature, international house—considerable success. It now has a number nf bureaux and nffices outside the Netherlands and has recently expanded into the area of international treasury management. Neither bank shows any sign of flagging.

ABN is the biggest Dutch bank, Amro ia number three—just behind Rabobaok, the federation of agricultural banks. Rabobank had a satisfactnry year last year, with net profits down a mere 1 per cent on 1980, and is now beginning to look around the international field. It is not quoted on the Stock Exchange, bot feels none the worse for it and now is established abroad in New York, Frankfurt and the Dtuch Antilles.

Nederlandse Middenstandsbank, smallest of the big four, experienced bard times in 1981. Its profi,ts drooped by 19 per cent against the previous year and it coutinnes to be hit by the facts of its deep involvement with small and medium-sized businesses in the Netherlands, a large number of which are close to or beyond the brink af bankruptcy. It refuses tn be despondent, bowever, and is another bank determined to make its mark on the international scena.

Once the state-owned Postbank takes off, as promised by the government, in January 1984, the Big Four are likely to become the Big Five, and of the present high street banks only Rabobank appears willing to face the competition.

But the Dutch are not yet banked to full capacity, and so long as profits on the foreign side do not become compressed out of existence, especially in the U.S., the preparations of all five groups will put them in a good position to take advantage of any big upsurge in business which follows the protracted world recession.

Simultaneously with these developments, the savings banks have been clustering together for warmth in the present frosty climate, forming such new groups as the Centrum Bank. Beyond the savings banks, then, and often linked with the bigger banks, are the Dutch wholesale banks, led by Pierson Heldring en Pierson (part of Amro) and Bank Mees and Hope (ABN).

Wide range

These long-established institutions, corresponding approximately to Britain's merchant banks, are engaged in domestic and international loans but are perhaps best known for their wide range of services in the portfolio management field.

Pierson, which npened its own representative office in New York last year to add to its other overseas bureaux, found itself a little squeezed in 1981 and continues to face difficulties. Nevertheless, under the chairmanship of Mr Johan Kleiterp, it still looks forward to an improvement in 1983. Mees and Hnpe's performance has proved somewhat more robust over the period. But it, too, has bad its problems, as bad the third merchant bank, Van Lanschnt, also long established.

Relationships between the clearing banks and the central bank (Nederlandsche Bank) are

Mr Johan Kleiterp, chairman of Pierson Heldring en Pierson: looking for an improvement in 1983

almost suspiciously good. Senior officials from each of the main clearers maintain that there is excellent consultation by the Central Bank, and though there are occasional grouses about the bank's supervisory powers, it would seem that the mother institution and her daughters are in search of the same goals and have experienced little conflict.

The departure last year of the legendary Dr Jelle Zijlstra as chairman of the Central Bank and his replacement by the former Labour Party minister, Mr Willem Duisenberg, has so far done nothing tn upset this harmony, even though it was Mr Duisenberg wbo first presented a Bill for the creation of a Postbank, dreaded by the commercial banks because it will provide compeition in the bigh atreets.

The Postbank is a problem for 1984 and beyond. The growth of debt provision, however, has been with the banks fnr several years and shows no signs of going away. Only the banks themselves and the Central Bank know exactly to what extent the rash of bankruptcies in the Netherlands is eating into the fruits of previous years' earnings, but it is clear that more is going out of debt provision than is going into it.

Last year, ABN increased its provisions by 65 per cent to a record Fl 495m, while Amro added to its total by Fl 475m—a rise of 66 per cent. Rabobank raised its provision by 25 per cent and MB by 48 per cent. Naturally the various houses are not pleased with this melancholy development, and their only comfort is that the reserves are well placed to take the strain. Naturally, too, the banks do not welcome suggestions that they may be adding to their provisions for debt in order to disguise true profits and minimise their tax burden.

Helping other companies to overcome the recession is another salient feature of modern-day Dutch banking. With NMB having taken the lead, most of the big banks, in co-operation with insurance companies and local authorities, now run venture capital subsidiaries.

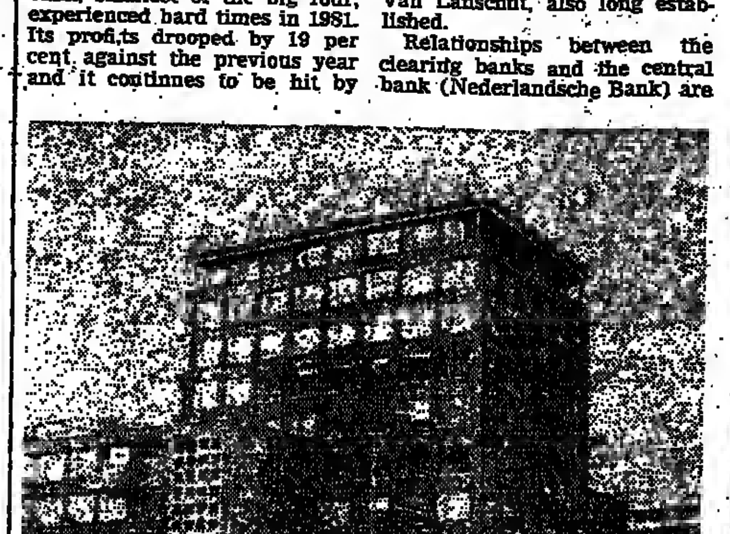
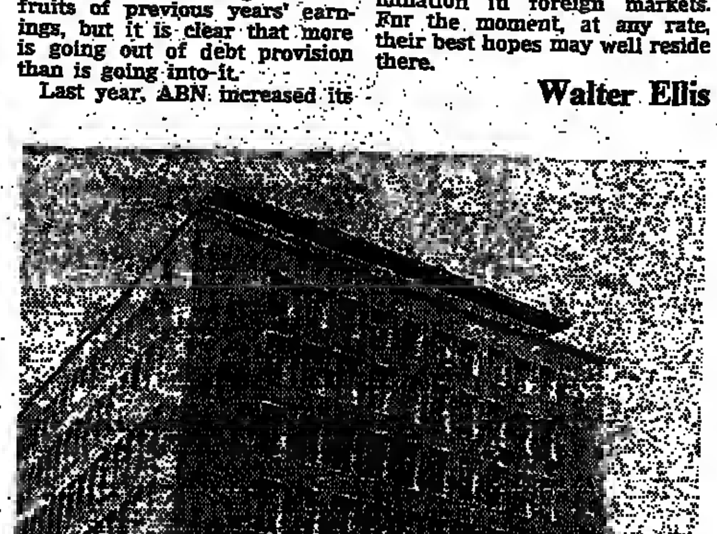
This follows a relaxation of the rules on direct bank participation in industry and means that, for up to five years—at which point they must sell their holdings—banks can become involved in the ownership of up to 50 per cent of a non-bank venture, with the government taking 50 per cent of the risk. So far, not as many companies bave taken advantage of the new scheme as had been hoped, but it bas been in operation for only six months and needs time before it can be properly assessed.

Smaller banking institutions, including foreign banks and mortgage banks, face the same basic problems as their Dutch counterparts. Banque de Paris et des Pays Bas is by now almost accepted as a native bank; Slavenburgs, 50 per cent owned by Credit Lyonnais, continues to struggle for its place in the market.

Westland-Hypotheekbank, one of the most important mortgage institutions, made a substantial loss last year and faces much the same depressed housing market in 1982.

Over the next year, profits at all the banks will have to be hard-won. Only ABN increased its earnings last year—by 10 per cent—and continued reliance is likely to be put on the contributinn of overseas operations. The Big Four are casting around in desparation but with determinatioo in foreign markets. Fnr the moment, at any rate, their best hopes may well reside there.

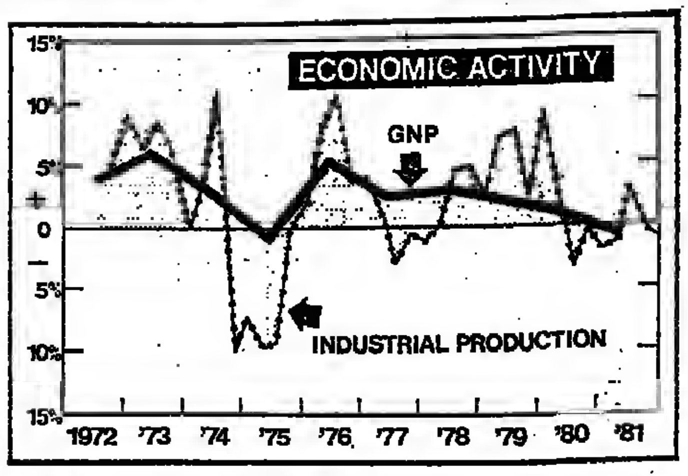
Walter Ellis

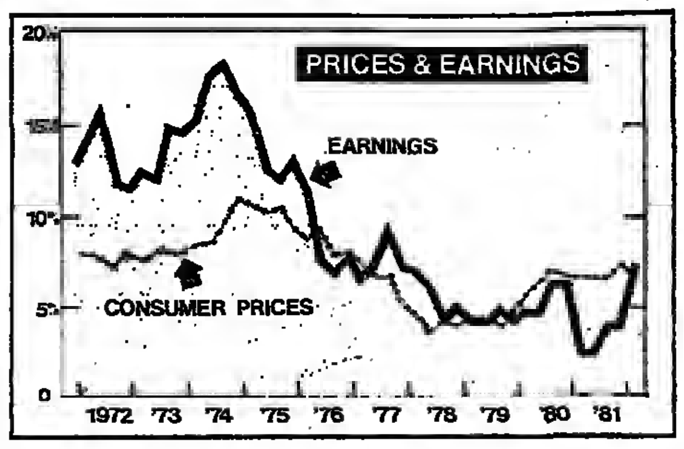



The Rotterdam offices of Slavenburgs Bank and, right, Bank Mees & Hope, one of the Dutch wholesale banks which is linked with ABN

NETHERLANDS BANKING AND FINANCE III

The foreign exchange dealing room of the Amro Bank in Amsterdam





If the guilder is a satellite, it is moving in a high orbit and gazing down at most competitors. **Walter Ellis** reports

Why the link with the D-Mark is proving vital

The Guilder

TYING THEIR country's currency to the Deutsche Mark would for many people seem an act of madness, not unlike self-flagellation. For the Dutch, however, the experiment has been a considerable success, and the D-Mark and the guilder now power through the European Monetary System (EMS) in tandem, with the West German leader steering the course but with its Dutch partner following every twist and turn of the way.

The French, it will be recalled, have tried for several years to keep the franc up with the D-Mark, and the humiliation of their recent EMS devaluation is evidence of the need for economic performance to match monetary ideology. In the Hague and Amsterdam, bankers and officials are almost scornful of the French failure. "Why did they try to run before they could walk?" the Dutch wanted to know.

Of course, like many comparisons, that between the guilder and the franc is easy to make but less easy to justify. Holland is a small country which has prospered greatly from its membership of the European Community — to which it sees itself as the gateway—as well as from its membership of Benelux and its proximity to the heartland of German industry.

The Netherlands has an open economy, some 5 per cent of its gross domestic product being traded abroad. But of its trade, no less than 30 per cent is with West Germany and 20 per cent with Belgium. So that it is a matter of necessity as well as conviction that it should keep its currency broadly in line with those of its neighbours.

The German link, in particular, is vital. Bonn and the Bundesbank have run a tight ship in the last few years, and the result is a resurgence of the Federal economy and of West German demand for high quality goods.

Valuable roll

Holland sees itself as fulfilling a valuable role in this context and believes rightly that an equation of currencies does wonders for stable trade relations.

Last month's devaluation of the Belgian franc was something of a bitter pill for the Dutch. Even so, the economies of the two countries had been out of line for years, and for Holland the important thing here is that competitiveness should be restored as quickly as possible.

According to the central bank and the finance ministry, the task of maintaining competitiveness is much less daunting than might appear. Wage moderation and job-shedding in Dutch industry have meant that productivity has begun to pick up strongly once more after a longish period in the doldrums. As Holland already has a high reputation for reliability and finish, the opportunities for an expansion of exports are clearly there, strong guilder or no. The fact of a robust currency means, in any case, that raw materials and semi-finished goods are cheaper than before, thus further helping to make good the exports premium.

Finally it is pointed out that, after the EMS realignment, only 40 per cent of exports are now differently priced. For the rest, it is reckoned by the ministry that 3 per cent to 3.5 per cent of the fall in competitiveness will be won back within a year, leaving an overall appreciation of less than 2 per cent.

With its relatively low inflation rate (6 per cent and steady) and a strong guilder, the Netherlands is making real progress towards industrial recovery. The vitality of the economy as a whole remains delicate because of the spendthrift nature of successive governments until now, but trade is well into the black, with a surplus for the year of Fl 15bn.

The country's budget deficit is, of course, heavy, comprising no less than 9.75 per cent of gross national income. In the long run, this could work against desired exchange rates. in the short-term, however, sales of natural gas, although flagging, should help to keep the guilder up to the mark.

Exchange rate policy is a matter on which the Dutch hold strong views, and they do not relish being told by Paris that, in effect, the guilder has been revalued against the franc because of the latter's fall within the EMS. The Mitterrand Government maintains, it is said in The Hague, that because it was obliged to give certain economic undertakings as the price for a devaluation, so the Dutch and the Germans should introduce measures of their own, including a reduction of interest rates.

Not amused

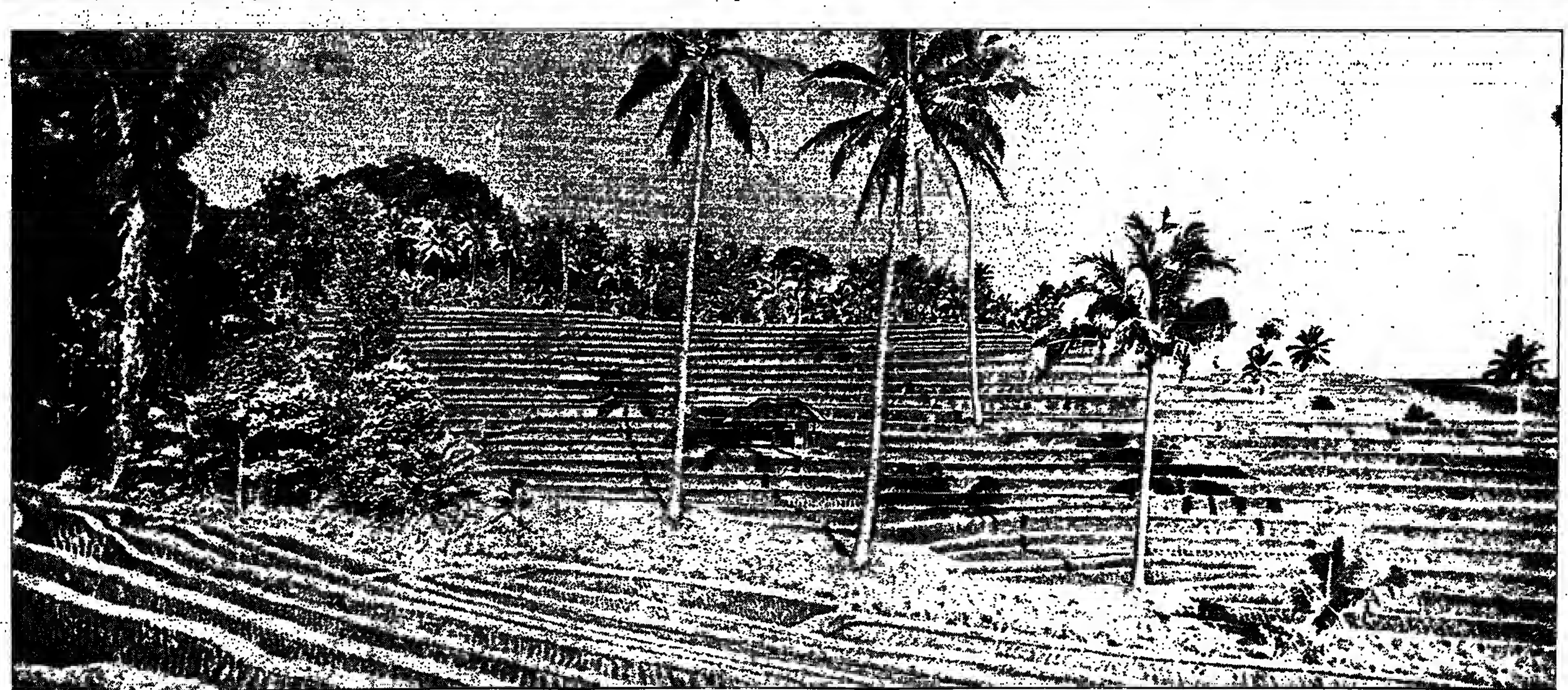
Since interest rates in the Netherlands have already fallen this year from 14.5 per cent to 9.5 per cent (and 9.1 per cent for short-term, three month deposits), neither the central bank nor the finance ministry is amused by this Gallic demand and have little intention of complying.

The central bank is hoping, however, that U.S. interest rates will fall and that the Dutch can profit from the resulting opening-up of markets, even if the advantage would be greater for the West Germans, with their healthy budget.

The central bank's monetary policy seeks to achieve exchange rate stability in relation to the other currencies of the EMS, especially the D-Mark, by influencing money market rates, preferably without intervening in the currency markets. The guilder is thus highly sensitive to movements of the D-Mark, particularly in relation to the dollar, and to the reaction of the central bank to those movements.

According to a recent paper by the economics department of Pierson, Heldring and Pierson, the Dutch merchant bank, the guilder is now to a considerable extent a satellite currency of the D-Mark. When the Bundesbank began to pursue a different interest rates policy to the Americans late last year, the Dutch followed suit, and the differential between their two interest rates and that of the U.S. rose from 1 per cent to 2 per cent in November 1981 to 6 per cent to 7 per cent this April. This has caused the D-Mark and its captive, the guilder, to weaken sharply against the dollar—a development which Piersons feels is unlikely to be reversed unless there is a further sharp upwards movement in the U.S. "prime" rate.

If the guilder is a satellite, it is at least moving in a high orbit and gazing down at most of its competitors. That is no bad way for it to be. The next problem is to do something about that budget deficit.



Walter Ellis on the relationship with the commercial banks

Supervision over four key areas

Central bank

HOLLAND'S CENTRAL BANK, under the benign but orthodox guidance of Mr Willem Duisenberg, a former socialist finance minister, seems to have few enemies at present. The disquiet which arose a few years ago over an increase in the central bank's control of the commercial banking sector has effectively died down, and a state of relaxed harmony has been restored.

Senior representatives of the big banks speak almost glowingly of the central institution, and no one even dares suggest that Mr Duisenberg's policies might be in any sense influenced by his life-long membership of the Labour Party. On the contrary, the bluff, stocky Fresian is seen to be straight as a die in fiscal terms and to be a worthy successor to the much-revered Dr Jelle Zijlstra, a former bead of the Bank for International Settlements, who retired from this Amsterdam job at the end of last year.

In the Netherlands, supervision of the various financial institutions by the central bank (Nederlandscbe Bank) is regulated by the Act of aupervision of the credit system, which charges the bank with both monetary and prudential control while leaving final responsibility for monetary and structural policy to the Government.

Insofar as the bank does bave direct monetary powers it is in the area of credit control. The bank is largely responsible for the creation of liquidity throughout the banking system, and it keeps a close eye on the commercial bouses to prevent undesirable developments.

Credit control

At the end of last year, however, the central bank suspended credit control, and there is no sign this year that it will be reimposed. The clearers and others must still report back to the central bank on the state of their liquidity, but it is a monetary process only, with no present hint of restriction. What it could do if lending began to get out of control would be to set a percentage ceiling on total domestic credit expansion by the institutional lenders, less the growth in certain long-term liabilities.

Prudential supervision aims at the sound business conduct of the banks in four key areas: liquidity, solvency, the admission of new credit institutions and structural policy.

● **Liquidity:** credit institutions are required to bold liquid assets against certain sums owed to customers.

● **Solvency:** the equity of a credit institution must be sufficient to meet risks inherent in the operation of the business. The banks must bave an equity at least covering a set percentage of certain investments.

● **Admission of new credit institutions:** e permit will be granted only if three requirements are met — minimum equity, adequate day-to-day management and the publication of annnal eccounts.

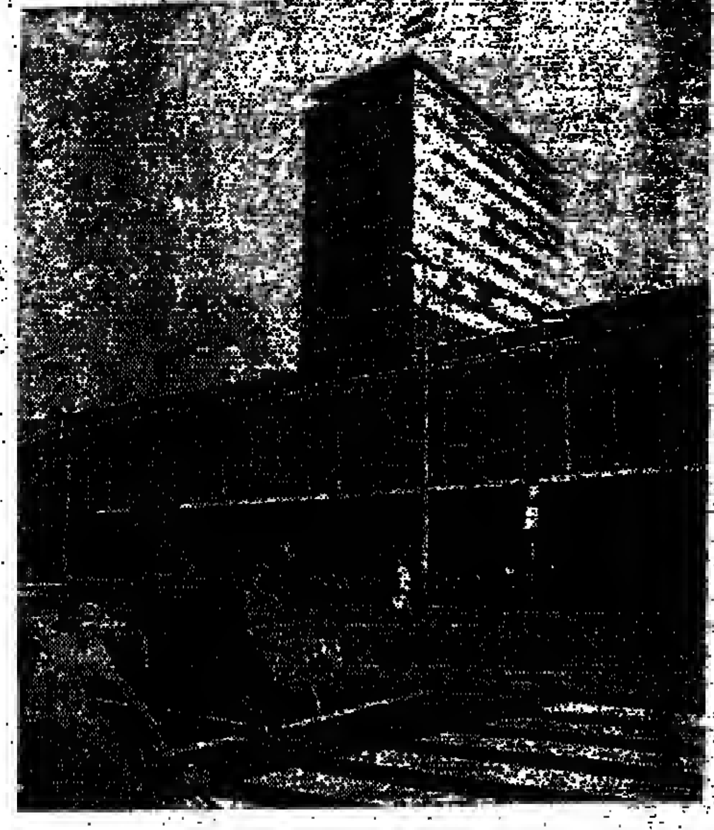
● **Structural policy:** tbe consent of the central bank is required before any reduction in equity, for the acquisition of participation in other ventures, for the takeover of liabilities and assets of other enterprises or institutions and for mergers.

Applications for membership of the Dutch credit club are dealt with by the central bank and by the Ministry of Finance. The bank evaluates new institutions on the basis of "conflict with sound banking practice" (concentration of power) and "considerations of public interest" (is it a good risk?). Successful applicants are then further vetted by the ministry.

The central bank is concerned to prevent an interlocking of banking and insurance, and in consequence does not permit new participations of banks in the equity of insurance companies of more than 5 per cent. Insurance companies may invest np to a level of 15 per cent of the equity of banks, but no more than 5 per cent of the stock may be voted.

If the above makes the Dutch central bank sound rather a cold fisb, the personality and views of its president sbould do something to restore a buman perspective.

In an interview earlier this month with the Amsterdam liberal daily, Het Parool, Mr Duisenberg spoke briefly of his socialist convictions. He denied first that he was a socialist banker, describing himself instead as a central bank president who happened to be a member of the Labour Party. He welcomed what he perceived to be a new sense of realism by the Labour Party over economic affairs but still detected a fatal inability to concentrate on earning before spending.



Mr Willem Duisenberg, president of the central bank: he is a socialist but an orthodox—even right-wing—banker whose top priority is the revival of the Dutch economy. Right: the central bank in Amsterdam

For himself, he said, he was "an orthodox—even a right-wing—banker," who saw as his first priority the revival of the Dutch economy through the restoration of investment. Only when the money had been earned could thought be given to its distribution, and only then would be begin to think as a member of the Labour Party.

Mr Duisenberg noted that the state this year would borrow some Fl 30bn ($10.9bn) and said thet, despite promised cuts in public spending of as much as Fl 12bn over the next 18 months, something had to be done to get the economy back on the rails.

One problem area was the state's repayments of its loans. Repayments made on loans of previous years, which were then borrowed back, now amounted to 10 per cent of the total budget deficit—itself now 9.75 per cent of national income.

In an effort to redeem the situation, the state bad begun to lend out money on increasingly attractive terms, with shorter maturities and higher interest rates. This only stored up payments difficulties, and new and old loans were now falling due at the same time, fundamentally altering the pattern of debt.

The 10 per cent margin of debt over deficit was rising to more like 30 or 40 per cent, and it was no longer possible for the Government always to re-borrow its repayments.

The basis of government financing, Mr Duisenberg said, was becoming ever more shaky. The burden was increasing and it was high time that finance demand was examined and not just expenditure. The central bank president was awere of the needs of families and the unemployed.

He argued, however, that it would be better to act now to prevent our grandchildren from starving than to refuso to accept a slight cut in existing social security benefits. "If our social services dropped to the level of those in Denmark—another enlightened country — would that really be so indecent?" be said.

After five years' wrangling, proposals for Postbank's establishment have been issued

High Street banks worried by potential threat

Postbank

HOLLAND'S state-owned Postbank, which will aim to provide a wide range of banking facilities through the national Post Office network should, barring accidents, begin operations on January 1, 1984. After five years of ideological wrangling and prevarication, proposals for the bank's establishment were pnblisbed this month and were expected to be debated in Parliament before the end of the year.

The Postbank, first put forward in 1977 by the then Labour Party Finance Minister, Mr Willem Duisenberg, now Governor of the central bank, has been opposed from the start by the commercial banks, which see it as a potential threat backed up by the resources of the state. Only Rabobank, the federation of Dutch agricultural banks and co-operatives, bas a good word to say for the project and then only because it has come to see it as inevitable, requiring practical observatious rather than abuse.

Privately, it should perbaps be said, not all bankers are against the concept of a Postbank. What they reject absolutely — as was made clear in a statement after publication of the intended legislation — is the proposal that it should enjoy taxation at a rate of 36 per cent while they suffer 48 per cent and that its corporate lending sbould be state guaranteed.

They are also concerned that the staff will remain civil servants, enjoying inflation-proof pensions and virtual job security, and feel that they are being asked to cope with a new source of competition at a time when they are relatively weak and in no position to take on aggressive state marketing.

A rival

That is the private view. Publicly, bankers are stern in their disapproval. They hope that their interests will be best served this way, with an accommodation following detailed negotiations.

The Postbank, under the presidency of Mr Cornelis Schotsman, bopes to become a fully-fledged rival to the commercial banks but stresses that while its shares are to be 100 per cent owned by the state it will not be given special advantages.

The commercial banks have argued consistently that the Postbank should not have a privileged tax status and that its staff, as civil servants, should not be required to work non-banking bours. They seem particularly concerned about the effects of e new institution, with hundreds of branches — the post offices — open on Saturday mornings. Their fears, on this score at least, could well prove justified since, according to Mr Schotsman, it is boped that the number of post offices opening on Saturdays will now increase from around 300 to more than 500.

The new proposal is in almost complete accord with draft legislation drawn up in 1977 by Mr Duisenberg, which fell victim to the arrival of a Centre-Right administration under the Christian Democrat leader Mr Dries van Agt. Plans for the Postbank were revived under the next van Agt cabinet, in whicb the Labour Party was involved, and have been maintained under the present Agt administration despite the fact that the Socialists walked out of the Cabinet in mid-May, causing elections to be called for September 8 next.

No major political problems are seen for the early progress of the Parliamentary Bill, which is expected to be debated later in the year. But a shift to the Right in September could delay its progress into law.

Under the proposed terms the money services of the Dutch postal Giro system and those of the existing state savings bank will be removed from the control of the Department of Posts and Telecommunications and given to the new Postbank.

The fact that the new bank—a limited liability company—will be able to lend money to industry is likely to mean that a number of companies benefiting from its help will use its other services as well, including payments of salaries. The High Street banks already have their own Giro payment scheme but this is linked to the Post Office Giro and would continue to be ao under the new arrangements. Thus there would be something of a state-owned monopoly of payments.

It is estimated that the Postbank will be the fifth largest bank in the Netherlands after the Nederlandse Middenstandsbank. The present state savings bank and Giro system combined have been losing business to the commercial banks in the past two years but a revival in their fortunes is likely once they are amalgamated and expanded.

Attempts at increasing the range of services provided by the existing postal banks have been underway for some time. The Post Office Savings Bank and postal giro service have added Eurocard to their activities, linking them to the business of more than 1,500 shops, hotels and restaurants which accept it in payment in the Netherlands.

Post Office banks also now offer insurance for the package holidays which they, like their commercial rivals, have sold for several years.

Nevertheless, it is corporate lending to industry which the Postbank would most wish to exploit under the planned new arrangements. Commercial overdraft facilities and the acceptance of deposits from companies would really take the bank into the big league. With private customers, corporate clients and responsibility for a unified payments system within the country's financial institutions, it would be a force to be reckoned with. Some 280,000 transfers each day are made between the banks and the Post Office system at present, and although the machinery operates efficiently enough within each unit, the interface between them has been described by one leading banker as "nearly mediaeval." An improvement in the manually-operated transfer system would certainly be welcomed by industry and the public at large. The high street banks, however, are anxious that this should not be at their expense.

Shilly-shallying

Some indications of the delicacy of the whole problem can be gauged from the political shilly-shallying which has accompanied the drafting of the necessary parliamentary Bill. Earlier this month, the basic plan was ready for adoption by the interim Cabinet and it was revealed that a first airing in parliament was imminent.

First, though, the Finance Minister, Mr Fons Van Der Stee, fell ill then the Prime Minister said that he was too busy preparing for a trip to Egypt. Delay followed delay. It was generally felt that the Bill itself was not endangered, merely that the Government was a little lacking in enthusiasm. The state of the parties after the autumn elections should now determine once and for all what the time table is and how soon real progress will begin towards the 1984 proposed starting state.

W. E.

Walter Ellis discusses the troubled sector

A cruel price to pay for specialisation

Mortgage banks

THE SUDDEN intervention this month by the Dutch central bank in the chaotic affairs of Tilburgsche Hypotheekbank, Holland's fourth largest mortgage bank, has again highlighted the crisis created in the mortgage bank sector by the lasting slump in property prices.

Central bank action was made necessary by the refusal of several major pension funds to rescue Tilburgscha from incipient collapse. Normally, the major financial institutions rally round one another in times of distress, but on this occasion several key funds were unwilling to risk getting their fingers burned, even on an errand of mercy, and those smaller institutions, which were anxious to prevent bankruptcy proceedings, were insufficient to act on their own.

Tha central bank intervened in the affairs of Tilburgsche under legislation enacted three years ago granting it supervisory powers over mortgage banks. The legislation guarantees debts to a maximum of Fl 25,000 per creditor but excludes responsibility for debentures. Tilburgsche's publicly issued debentures at the end of 1981 totalled Fl 283.8m.

In the climate of uncertainty which followed Tilburgsche's retreat into receivership, Westland-Utrecht reminded investors that WUH was 20 times as large as Tilburgsche and enjoyed a long-established solidity. Despite its own earlier troubles, WUH was continuing to issue debentures as usual.

Tilburgsche's plight, however—which may yet result in closure—is only the most stark of the many sorry tales surrounding mortgage business in the Netherlands today.

Without a rising property market, mortgage institutions are severely limited in their capacity for growth, and this is very much the case in Holland. Moreover when bankruptcies are at record levels and unemployment rises to more than 10 per cent of the labour force, troubles have ceased to come in singly.

In 1977, Holland's specialised mortgage banks held 29 per cent of new mortgages in a fast-growing market. In 1980, the figure had come down to 20 per cent, and last year they held only 14 per cent. At the end of the first quarter of this year, 9 per cent was all they had left of new business, and there is little hope of real improvement.

Calamitous

To illustrate the calamitous nature of the change, consider the following Financial Times report on Westland-Utrecht from July 1978, covering the 1977 results. "Westland-Utrecht took 8 per cent of the Fl 42bn market for new mortgages last year. Its mortgage portfolio rose to Fl 8bn from Fl 5.5bn the year before, and profits were 52 per cent up at Fl 46.4m. The housing sector accounts for 65 per cent of WUH's portfolio, but it has been expanding its project development activity in recent years and has ambitious plans to increase its operations throughout Europe." The FT that year also spoke of the optimism of Friesch-Groningsche, the second-largest mortgage bank, and referred to the "strong expansion" of Tilburgsche.

Times have not so much changed, they have completely revised their molecular structure. Talks of growth and of overseas expansion today would seem like intrusion into private grief, and what we are witnessing in the mortgage business in Holland is a cortege of undertakers waiting for the corpse.

Whether or not there can be a revival in the longer-term depends very much on the ability of the mortgage banks to hang on in these deadly times. There are some signs that Westland-Utrecht may yet do a Lazarus, and merchant bankers, Pierson Heldring and Pierson, have just issued a forecast for the troubled bank speaking of a smaller loss than last year. Pierson's does not, however, see any real improvement in earnings.

WESTLAND-UTRECHT

	Net profits Fl (m)	Provisions
1976	30.5	8.5
1977	46.4	19.8
1978	61.9	16
1979	55.7	11
1980	20.5	28
1981	*122.7	220

* Loss.

In the first quarter of this year, WUH made an operating profit of Fl 3.3m, which compares with Fl 3.9m during the same period in 1981. But this was entirely swallowed up by the need to transfer cash into provision for debt, and the final result was a loss of Fl 9.2m. Some 400 mortgages were issued by the bank between January and March this year, to a value of Fl 53m, against a 1981 12-month total of 2,500 and a value of Fl 327m.

As has already been observed, the fault lies not with Westland-Utrecht but with the state of the market, and this in turn depends on the national and, ultimately, the world economy. Thus, WUH could be forgiven for saying that the world is against it. It is though, fighting back and looks ahead cautiously to an improvement this year.

Last year, share prices in the company fell by Fl 152; this year a drop of only Fl 30 has been suggested, and in these straitened times any slowing down in the rate of decline is held to be an encouraging sign.

The underlying problem with the mortgage banks has, of course, been the growing lack of public confidence in their activities. Mortgage bonds (Pandbrieven) are the principal measure of confidence by small investors, and for some time now these have ceased to be a valued commodity. People are turning to the bigger retail banks as a means of investment, and the inter-bank consortium set up last year under the chairmanship of the central bank to boost bond prices has had to intervene quite heavily to steady the market.

With the mortgage banks in difficulties, the willingness of small investors to place their savings with them has simply ebbed away, and their further decline has thus been part of a self-fulfilling prophecy on the part of the public.

Interest rates have risen to help stem the outflow of capital at the beginning of the year. The desire to win mortgage business, coupled with a general decline in Dutch rates, had brought the charge on mortgage borrowing down to 10.5 per cent. Now the cheapest rate, for state-guaranteed loans in the protected-housing sector, is 11.1 per cent, and unguaranteed loans cost 11.3 per cent.

With the U.S. prime rate remaining high and with the Netherlands' rate depending in part on the results of American manoeuvres, there is little chance that the Dutch ordinary mortgage cost will come down again much this year. Accordingly, new mortgage business is likely to remain sluggish while the big retail banks seem to set to pick up the bulk of any increased volume of saving.

One ray of hope: in the first quarter of this year, a number of potential house purchasers clearly felt that rates were going to come down further and suspended their requests for loans. Since then, many will have come to realise that the situation is going to improve later rather than sooner, and those who are determined on a new home will have had to complete their applications. Figures for the second quarter may thus show some slight improvement.

Looking at the overall picture, it can be seen that new mortgage business in 1981 totalled Fl 44.5bn, of which the mortgage banks held Fl 6.5bn. A year earlier, the figures had been Fl 59.4bn and Fl 12.4bn, and for the first quarter of this year, Fl 7.7bn and Fl 1.07bn. Clearly, ground is continuing to be lost.

But while Westland-Utrecht Hypotheekbank is likely to make another loss this year and Friesch-Groningsche profits will remain low, they at least seem set to survive, and perhaps even prosper again in the future. Not so the Tilburgsche. It now languishes in the hands of the receivers, its affairs being managed by a task force assembled by the central bank.

Any recovery here would be remarkable, and the chance is greater that it will end up submerged in a conglomerate or else its best bits sold off. At any rate, there will not be queues forming to invest in its future.

If this survey of the state of mortgage banks in the Netherlands has seemed entirely negative it is because the banks involved have gone down with flu during the property recession while the retail sector has merely caught a chill. This is the price paid for being dependent on one market, and now that their vulnerability has been so cruelly exposed we can perhaps expect changes in the future.

Increasing competition is making life tougher, says Michael van Os

Seeking to stop the decline

Savings banks

LIKE THE OTHER banks, the Dutch savings banks are also going through turbulent times. Competition is increasing, partly as a result of new institutions having appeared on the market and partly as a result of economic conditions.

In the Netherlands there are four main groups of savings banks. They are the Rabobank, accounting for 41 per cent of total Dutch saving daposits, the commercial banks (29 per cent), the savings banks (17 per cent) and the state Postgiro/RPS (14 per cent). Total deposits amounted to Fl 127bn at the end of last year.

The figures make clear that life has been tough for the traditional Dutch savings banks whose market share has dwindled over the years since the commercial banks discovered the private clients in the sixties. This sector of the banking industry has been characterised by a continuing process of rationalisation. In 1970, for example, 150 savings banks were part of the Dutch Savings Banks Association. Today the number is around 40.

Mr H. Schiphorst, chairman of Centrumbank, the largest savings bank within the association—the association is celebrating its 75th anniversary—has strong views on the future of the savings banks. He feels that all remaining banks should be merged into one single bank within the next few years.

"That's the only way the continuously declining market share of the individual savings banks can be halted," he says. Mr Schiphorst does not believe the co-operative model is working. That view is strongly opposed by Mr Jan Van Hoorn, chairman of the much smaller co-operative Vereniging Van Bondsspaarbanken (CVB).

He argues that only by tight co-operation can the savings banks survive. The strong regional and local character of the savings banks would be better maintained.

Centrumbank, with a balance sheet total of Fls 7.7bn at the end of last year, was created as the dominant Dutch savings bank almost exactly a year ago. Based in Nieuwegein, near Utrecht, it is the product of the biggest merger in the 160 or so years history of the Dutch savings banks movement. The banks that joined forces were Bondsspaarbank (Breda), Centrumbank (Amsterdam) and Spaarbank (Rotterdam).

Views differ

The strongly differing views on the future of the savings banks are among the many major problems the savings banks association in Amsterdam has to deal with. Mr Van Hoorn of the CVB is not pessimistic, however. "We have achieved economies of scale, we are highly automated and we offer clients an attractive retail banking package. In short, we're ready to meet any competition," he said.

In fact, a typical Dutch savings bank now offers deposit and savings account, savings deposits and certificates, mortgages, continuous credits, personal loans, home improvement loans, insurance, package holidays, foreign currencies and security transactions.

One factor the savings banks have to contend with is that the state Postgiro/RPS became an increasingly aggressive party in the retail markets the last few years. As it builds up to become a fully-fledged general bank competition will be stepped up even further. There are also unexpected developments such as the emergence on the giral savings market of a new one-branch savings bank called Roparco. It is part of the Rotterdam-based Robeco group, which is Europe's biggest investment complex. It offered attractive savings possibilities and has caused headaches, notably at Postgiro/RPS and the Rabobank.

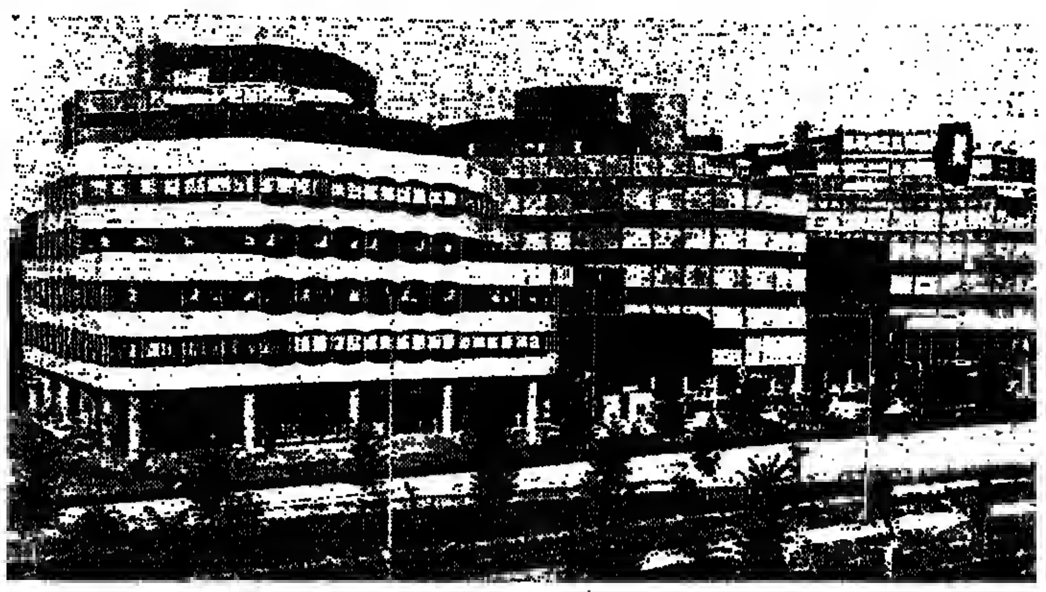
In fact, the Dutch finance minister, Mr Fons Van Der Stee, specifically prevented Postgiro/RPS from marketing a similarly attractive account because of the damaging impact it could have on the position of the savings banks which were not able to match Roparco.

Another threat looms ahead, while the savings banks enjoy tax freedom when it comes to earnings from pure savings business—other business does carry the normal tax rate (48 per cent)—there are indications this situation may be coming to an end in several years time. Mr Schiphorst of the Centrumbank believes that continuing political uncertainty would probably cause a further delay in political decision-making on the tax move. But this does not mean that such a move, for which the savings banks competitors had been pressing for many years, has been put off indefinitely, Mr Schiphorst added.

He said that studies on the possible need to add wholesale activities to the savings banks retail activities were being carried out, also within the framework of the Dutch Savings Banks Association. Certainly as far as the Centrumbank was concerned any action on this issue would be resisted pending further developments on the corporation tax issue.

In the meantime, however, the rationalisation process within the savings banks world continues unabated. There are indications that the Dutch public is turning to saving again. There is no reason why the banks should not be picking up a sizeable share of the new business.

As a bank economist remarked: "The country's unique social security system is under pressure and real wages are on the decline. We've noticed that the Dutch have started doing once more what they were so good at in the past: saving an apple for a rainy day."



Rabobank headquarters in Utrecht. The bank accounts for 41 per cent of total Dutch savings deposits

The Damrak in the busy centre of Amsterdam where adverse conditions are being faced right across the property spectrum

Overall the domestic scene remains sluggish, says **Jeffrey Brown**

Office sector shows resilience

Property

"IN VIEW of the more attractive possibilities for property investment in other countries we bave abstained from new investment in the Netherlands." So wrote the directors of one of Holland's biggest property groups in March of this year when explaining to shareholders a policy of allowing the company's domestic operations to run down.

Their pragmatic approach—Wereldhave, the company, saw the Dutcb content of its property portfolio decline from 47 per cent to 38 per cent in 1981—at once crystallises the big problem for the Dutch property scene at the moment: a lack of excitement. It has a number of inherent strengths, and demand for prime situation bas never diminished. The overall picture, bowever, is one of little or no movement, tainted with the the occasional downside bias.

The office market remains marginally the most resilient, especially in The Hague and Utrecht. There are many patchy areas, and among secondary situations evidence of weakness accumulates. Rents in Amsterdam, the largest individnal market, have been stuck on a plateau for nearly two years, and the market is now beginning to talk about competition for lettings to the point where rents could start to come lower.

Demand from the public sector has been a major support for Dutch office space in recent years, and in 1981 government and semi-government organisations purchased or rented twice as much office accommodation as in 1980. Bnt the public purse-strings are now being pulled tight: there is political uncertainty ahead of September's national elections, bnt little doubt that at the end of the day major savings in government spending will have to be made.

Industrial property has been under siege for some time. Over the past year the number of business closures has increased and any pretence at a demand-supple balance has now been firmly overturned. Dutch real gross national product dropped by 1.2 per cent last year and industrial production shrank, having grown during the previous decade at well over 2 per cent a year. The economic picture has brightened for 1982, but a real and sustained recovery still looks to be some way off.

In the meantime the industrial and warehousing sectors are only protected from bottom place on the property charts by the continuing plight of the bousing market. The market in residential property has been a black spot on the Dutch financial scene since 1979 and capital values are probably still lagging behind their levels of three years ago by more than one-fifth.

Retail markets are never easy to extrapolate but the slackness of consumer spending in Holland is not making life any easier for the mainstream sbops market. Having risen by more than a tenth per annum during the 1970s, average wages in Holland went up by just over 5 per cent in 1981 and growth this year has remained sluggish.

A common thread uniting the expressions of pain in all market sectors has been the financing squeeze that property bas bad to bear. Earlier this year it began to look as though a great many prayers were about to be answered, when interest rates started to edge lower in line with the trend throughout the bard currency countries in Europe. Hopes in this direction, bowever, have suffered something of a reverse in recent weeks.

Fluid market

Within the Randstad, the area of greatest Dutch population density bounded by the cities of Amsterdam, Rotterdam, The Hague and Utrecht, there have been few fundamental changes this year. Utrecht, by virtue of its compactness, accessibility and communications advantages, remains the most interesting and fluid market. For the best locations, office rents have been hitting new peaks for Holland.

Utrecht has become something of an insurance industry centre, and support from this largely recession-proof sector is one reason for the resilience of its property markets. Office rents have, at the very top end, exceeded Fl 350 a square metre, and fast growth on a small base has also helped to protect capital values. Utrecht boasts a major shopping centre and on one level—taking a fairly superficial and glossy view—the city seems to be sustaining the disciplines of the boom of the late 1970s.

At the other end of the size scale, Amsterdam is struggling to hold together the cracks appearing right across its property spectrum. There is a fair bit of office over-supply, and a number of sizeable developments in the pipeline suggests that the strains are not going to be eased in the immediate future. It is in Amsterdam that agents' fear of a decline in office rents are at their highest.

As a major port, Rotterdam suffers keenly from the bluntness of economic activity and doubts about rents, capital values and new investment trail right across its warehouse, storage and industrial background. For obvious reasons, government and government spending intrude deeply into the property consciousness of the Hague and in this respect a considerable number of question marks have begun to find their way into agents' minds.

Growth in earnings expected to be more modest

Overseas business likely to move ahead

Insurance

THE OPENING this year of Amsterdam's new insurance exchange—hailed by some as a rival to Lloyd's of London—takes place against a flat trading background for the Dutch insurance industry. The big companies expect to keep profits moving ahead, but their earnings gains this year are likely to be modest. The growth of premiums is being hampered by economic recession and competition, and investment income has a lot to live up to in matching the returns of 1981.

The Dutch economy is probably in slightly better shape, with industrial production heading upwards again after last year's gentle decline. The major underwriting companies now have plenty of overseas business helping to ginger-up the dullness of the domestic market. On their non-life books Dutch insurers are still having to bail out large parts of manufacturing industry, and this year the contingency provisions are not getting any smaller.

The industry is also having to come to grips with a number of structural problems. Within Holland the insurance business is remarkably mature, and the bigger companies have just about exhausted their capacity for expansion. Dutch insurance premium income of around Fl 7.7bn in 1981 represented something like 5½ per cent of Gross National Product. This is right in line with a well-established European market such as the UK but it compares with little more than 5 per cent for West Germany and is considerably more advanced when compared with France.

In retrospect, it is not surprising that Nationale-Nederlanden, the biggest Dutch insurance company with about half of the local market for both life and non-life insurance, sparked off a wave of foreign expansion by the industry when it paid $330m for a major U.S. acquisition three years ago. Four other big acquisitions by the industry since then in the U.S. and Australia have added up to a total outlay of more than $850m.

This protective layer of foreign business has been injected in the nick of time. Weak motor business depressed non-life profits at National-Nederlanden and Ennia last year, and Amev managed to keep moving forward only by courtesy of its expanded U.S. operations. On average, motor underwriting accounts for 30 per cent of non-life premiums among Dutch insurance companies but closer to 60 per cent of non-life profits. At Nationale-Nederlanden something like half of total underwriting profits come from its non-life side. The ratio is nearer to 40 per cent at Amev and little more than 20 per cent at Ennia which remains essentially a life company.

TOP THREE COMPANIES (1981)

	Net profit (Fl m)	Gross revenues (Fl bn)
Nat-Nederlanden	396	9.4
Amev	164	3.8
Ennia	102	2.7

By comparison with non-life profits, margins on life insurance are far less cyclical. Even here economic belt-tightening is beginning to make itself felt: one by one the companies complain of rising competition and limited growth opportunities. Pensions-linked business continues to develop readily enough, but the collapse of the Dutch housing market has played havoc with the industry's mortgage operations. House prices in Holland are still lagging behind their 1979 levels by more than a fifth.

In the industry's main non-insurance operations, personal lending, the bugbear over the past year has again been high interest rates. These may have brought comfort to the companies' portfolio investment managers, but they have flattened many hard-pressed consumer finance departments. Bad debts and slimmer margins have been reflected recently in a string of poor results.

Among the big three companies, the most impressive profits performance last year came from Amev where net earnings rose by just under a fifth to Fl 164m, allowing the dividend to be stepped up by close on a tenth. This year the company has continued to move ahead with overall net profits improving by 9 per cent for the first quarter of 1982 despite a severe setback on the non-life side, reversing the non-life gains of 1981.

Nationale-Nederlanden increased net profits by 11 per cent to Fl 396m for 1981 and also pushed up the dividend. Overall underwriting profits rose by 2 per cent—masking a decline of an eighth on the non-life side—and investment income moved ahead. Domestic investment income rose by 14 per cent while the company's foreign portfolios increased their returns by 30 per cent, thanks partly to the strength of the dollar last year. At Ennia, net earnings improved by 15 per cent to Fl 102m despite another sizeable provision for bad debts, and the dividend was raised. Ennia has continued to improve this year with first quarter net profits managing to grow by more than 5 per cent.

Amsterdam's new insurance exchange—a Fl 6m new trading floor on the edge of the city centre—resulted from the failure of plans to merge the existing Amsterdam and Rotterdam exchanges, which between them handle something like a quarter of Dutch premiums. It is hoped that the new building will eventually house its 35 member firms. Trading will take place over normal business hours—unlike the present Amsterdam exchange where business is conducted for a single hour, daily.

J.

NETHERLANDS BANKING AND FINANCE VII

Jeffrey Brown examines the reasons why turnover rose 70 per cent in the first half this year

Making the most of investor freedom

Bonds

THE BOND BUSINESS is what the Amsterdam bourse is all about these days. As the dealers on the equity pitches slumber on, bond traders have been flooded with business together with a record amount of new issues. For the first six months of this year, capital market turnover was a full 70 per cent up on the opening half of 1981.

Periodic bouts of turmoil in the world's financial markets explain the npsurge in activity. As interest rates swing wildly about et the hands of U.S. monetary policy, the Dutch for all their hard currency insulation have had no option but to ride with the market place. Since the central bank does not take positions—unlike the West German market—Amsterdam offers plenty of investor freedom, and there have been endless opportunities this year for switching from one bond maturity to another.

Pattern of events

The activity charts graphically illustrate the pattern of events. Total volume up to June was Fl 27.2bn, against Fl 16.1bn in the same 1981 period. During the months of April and May dealing volume was considerably more than doubled while the figure for March—at Fl 6.9bn—was almost 2½ times the monthly average for 1981.

The new issue background is dominated by the public sector with the government borrowing heavily to bridge the gap between revenue and expenditure. Taking in the latest state tender, where an 11 per cent coupon attracted Fl 1.9bn of investor funds, the Government has so far this year raised Fl 11.5bn of long-term money—compared to Fl 10.8bn for the whole of 1981, and Fl 7.4bn in 1980.

Government domination of the capital market is unlikely to change in the forseeable future despite promises of curbs on public sector spending. Government spending totalled 8½ per cent of gross domestic product in 1981 and is forecast to rise to 9½ per cent for 1983. In 1979 when the public sector appetite for new capital was already thought to be getting out of hand, the percentage stood at 5½ per cent of gdp.

In the private sector the flow of new bonds issues has been less excessive. The banks have been less active this year, and the industrial bond market remains a dead duck. As in the UK, long-term fixed interest borrowing by manufacturing industry is being held firmly in check by weak profits and high coupon costs.

The Eurocapital market has remained active. New issues in 1981 were well up on the previous year, raising a total of $31bn. The strength of the dollar in foreign exchange markets last year help to inflate the dollar content which went up to 85 per cent of the total. European borrowers headed the new issue queue. Amsterdam's small and tightly controlled Euroguilder market continnes to respond to investor interest. Its new issue volume last year was around Fl 1bn.

The pattern of trading in the private placement market has been mixed. Government activity was sharply up and foreign interest increased in 1981, but private sector borrowing was much less evident. Having raised Fl 4.8bn in 1980, the state tapped the market in unlisted bonds for Fl 7.8bn last year.

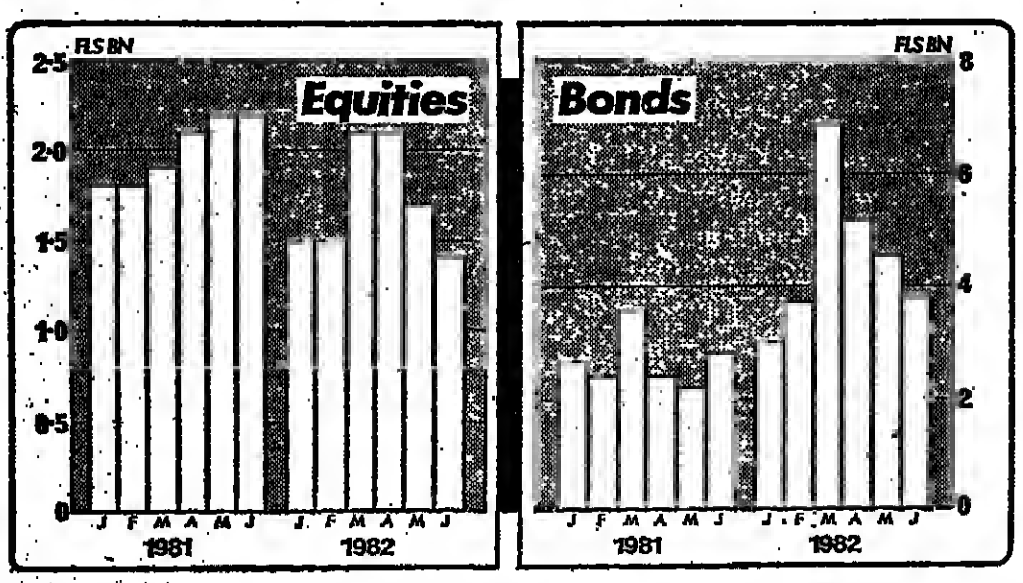
Strong growth

The growth of Amsterdam's private placement market has been little short of explosive in recent years. Tha strict regulation of the public markets by the central bank—which maintains a new issue calendar and keepa borowers in an orderly queue—is partly an explanation. In contrast, private placement money can be requested and received within the space of a working week if necessary, and with a lot less bureaucratic fuss.

The market in unlisted bonds has swollen to the point where it accounts for something like a third of the total net supply and demand of Dutch capital. Demand for funds stems from central government and local anthorities as well as industry. The private pension funds are especially active in lending to this type of debt to the private sector.

The commercial banks act as intermediaries between the market parties and also provide aoma limited form of "market" for matching buyers and sellers. Private placements carry a coupon cost higher than that of the public bond market. The banks claim that the overall cost to the borrower is effectively held in check by lower documentation costs and easier servicing. With often only a bandful of institutional lenders putting up the money, half-yearly interest payments are made quickly and cheaply.

Increasing interest in this type of investment is now coming from outside Holland. Dutch exchange control policy regarding capital imports through the private placement market has been relaxed in some respects. But the central bank maintains a watchful eye. Consent has to be sought for guilder loans which are raised partly or wholly by non-residents.



The number of shares listed declined by 40 per cent over the past decade

Sharp decline in dealings

Equities

INVESTORS have lost interest in share prices and the Amsterdam bourse is having to suffer along with everybody elae. Its performance this year has been more resilient than most. Capital International's world equity index fell by 15 per cent in the first six months of 1982 within which Europe as a whole shed 10 per cent. Amsterdam's mid-term showing was a decline of 8.8 per cent.

Still, this may not be of much comfort to the traders and market makers who have seen dealing volume decline sharply and margins on what little business there is shrink further. Turnover in Dutch equities totalled Fls 10.3bn in the six months to June, a drop of almost 15 per cent against the Fl 12bn notched-up during the opening half of 1981. Even more worrying is the fact that dealing volume in May and June declined by 23 per cent and 36 per cent respectively.

The bourse has forgotten the last time that it had the smell of a new issue, and to cap it all rights issues — usually a fairly reliable form of stock market profit — have this year entirely dried up. In 1981 something like Fl 370m of fresh capital was raised in rights issue form with a busy banking community responsible for Fl 300m of the total.

Part of the trouble is that much of the steam has leaked out of the Dutch corporate sector in recent years—at a time when high interest rates have proved irresistably attractive to the vast majority of fund mangers.

Given a high wage cost hase, a strong exchange rate with the guilder linked to the D-mark, and fairly restrictive labour laws—these have tended to check industry's attempts to protect trading margins through a rapid contraction of workforce levels — manufacturing companies have had to face a severe squeeze on profits.

The economic background remains unsettled. Having slipped back in 1981 along with Gross National Product, industrial output should have begun to move ahead again this year and company profits are already showing signs of a tentative recovery, but the outlook for dividends is mixed and yields on share prices still compare unfavourably when set alongside the returns available in the money markets.

Where published, first quarter results from Dutch companies point towards a marginal improvement this year. Overall in 1982 company profits could grow by more than a tenth. However, export based groups are likely to benefit less this year from dollar appreciation following the strong boost returns in 1981.

Economic uncertainties apart, share prices still have to grapple with a number of structural problems. Over the past decade the sbare market has shrunk physically with the number of shares listed declining by something like 40 per cent. This has had the effect of reducing marketability and beightening the dominance of the bandful of internationally traded shares.

Top ten

Ten companies account for more than 80 per cent of the total value of the bourse (*see table, page 8*). In the UK and France the major ten companies represent barely a quarter of their respective stock market capitalisations. In Holland three companies, Royal Dutch-Shell, Unilever and Philips, account for almost two-thirds of the markat: Royal Dutch alona makes up more than 45 per cent.

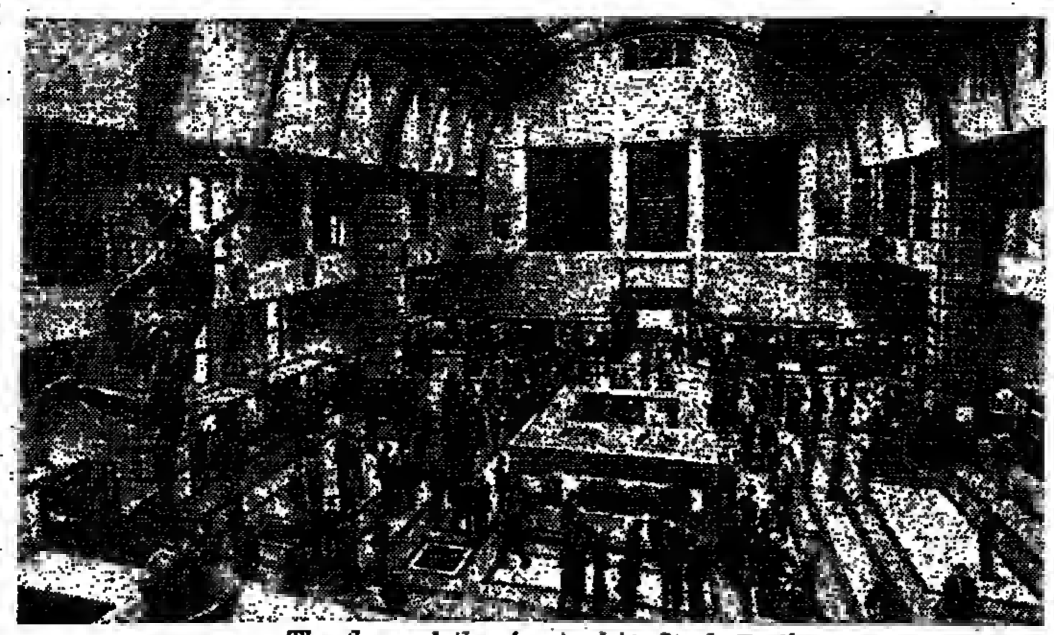
For the men who run the bourse all this has plainly signalled less prosperous times. Their business in bonds bas been expanding and few stock exchange members have yet been forced out onto the street. But their equity business could plainly be a lot brisker. The banks make no bones about the fact that they lose money on equity analysis.

Moves aimed at countering the decline are now beginning to bear fruit, however. Trading hours have been expanded, the recent formation of a parallel market could soon lead to one or two new issues and the bourse's system of dealing direct in U.S. shares is now firmly established.

The decision to list directly a number of U.S. shares has in fact been the most successful of the authorities moves to combat market shrinkage. The advantage of the new system is thet it allows immediate comparison with shares prices on Wall Street. Like the old certificate trading that it replaces, the new system operates in conjunction with Bankers Trust Company in New York.

J. B.

NETHERLANDS BANKING AND FINANCE VIII



The floor of the Amsterdam Stock Exchange and (right) the gold corner of the European Options Exchange in Amsterdam

The regulation of this new business fits in with the authorities' policy of progressive reform, as **Jeffrey Brown** reports.

Small companies gain stepping stone

Parallel market

EARLIER THIS year the Dutch stock market added a new and potentially exciting string to its bow in the shape of an additional tier of share trading. Known as the parallel market, the new trading facility has absorbed the unofficial over-the-counter market which consisted of 12 small, mainly family-owned companies.

Since its inception in January, the parallel market has grown to 18 shares, two of which are apparently poised to jump into the big league and apply for a full listing on the Amsterdam stock exchange.

The new share market fits in with the policy of progressive reform pursued by the Amsterdam stock market authorities. The main aim of the parallel market is to provide a regulatory background for what hitherto was a wholly unofficial and mildly embarrassing sideline among a number of stock market dealing firms.

In return for resigning themselves to officialdom—albeit of a relatively relaxed and inexpensive kind—the participating companies are presented with a number of opportunities. The parallel market will make life easier for small companies to raise capital—it has already successfully dispatched its first new issue—and provides a stepping stone to anyone bold enough to seek a full stock exchange listing.

Over-the-counter trading became established in direct response to the financial and fiscal needs of private Dutch companies dominated by family shareholdings. It gave them ammunition with which to fend off over-enthusiastic asset valuations from the tax authorities, and it provided an outlet for the exchange of shares.

The new parallel market continues to supply these needs, but in greater depth. The official Amsterdam Stock Exchange Gazette publishes a price quotation on a daily basis together with details of the volume of any share deals. For family-owned companies information about dealing activity can be important: few things splinter family relationships quicker than unfounded rumours of cloak-and-dagger share transactions.

To comply with the new market regulations companies have to have a minimum nominal capital of Fl 2.5m, the same as for a full official listing. Unlike its more prestigous counterpart, the parallel market demands that listing requirements need not extend beyond 10 per cent of total capital. And even then companies like mortgage banks or consultants with intricate capital structures are treated flexibly. Unlike a full listing, no portion of capital need be freely available to the market.

However, companies listed on the parallel market are expected to provide a fair amount of financial information — something the old over-the-counter market never went in for. There are also fees. The Amsterdam stock exchange authorities take an initial handling fee of Fl 1,000 and charge an annual fee thereafter of Fl 2,000 for shares and Fl 500 for debt.

The disclosure regulations start with a prospectus. But the rules here are fairly relaxed. "The prospectus required for the parallel market can be of a much simpler design (than for the official market). It is sufficient that the last annual report be published along with an appendix containing the prospectus requirements. There are also less stringent requirements as to its distribution," says the stock exchange's guide to the new market.

Thereafter disclosure centres on half-yearly progress reports and a set of annual accounts. Half-year reports have to be made by the end of the third quarter of a given financial year. There is also a requirement concerning additional price sensitive information. "Any interim development which one can assume would have a significant influence on the share price is to be issued immediately," the guide demands.

Trading in the new market takes place during normal bourse hours, from 9.30 am to 4.30 pm. The two brokers who ran the over-the-counter market have continued to act as specialists, but there is an important difference between official market and parallel market trading.

The Amsterdam stock exchange guide emphasises this point. "Trading is possible during this period, which can be described as a continuous quotation in a closed pitch. Trading can take place during official bourse hours, but a client cannot insist on the direct execution of an order . . . there is normally a system of sequential trading depending on the extent to which the parties can reach agreement."

The new market is still very small. For the first quarter of this year dealing volume totalled Fl 51m, whereas the official equity market will usually knock up a cash turnover of more than Fl 2bn in a single month. But it has been remarkably active. A venture capital company, Bever, raised new funds earlier this year by placing 160,000 shares at Fl 85 each.

Speculation over imminent moves from the parallel market to a full stock exchange listing centre on two companies—Holland Sea Search, a rig management and exploration group, and Douwe Egberts, the tea, coffee and tobacco company.

Douwe Egberts came under the umbrella of Consolidated Foods of the U.S. in 1977 when the founding family sold 65 per cent of its shares. Two years later they parcelled out a further 10 per cent to the Dutch insurance group, Nationale-Nederlanden. In the spring of 1980, Douwe Egberts placed a small number of shares on the over-the-counter market in what was described at the time as a first step towards gaining a full stock market listing.

MARKET CAPITALISATION THE TOP TEN (Total capitalisation $21bn)

	$m	% of total
Royal Dutch Ptrlm.	9,534	46.3
Unilever	1,842	8.9
Philips	1,708	8.3
Algemene Bank	855	4.1
Nat-Nederlanden	796	3.9
Amro Bank	634	3.0
Heineken	344	1.7
Amev	340	1.6
NMB	336	1.6
Akzo	302	1.5
Total	16,681	81.0

Confidence in further rise in volume this year

Breakthrough into profit

Options exchange

AMSTERDAM'S traded options market, the European Options Exchange, has stepped down off its tightrope. The market makers, the banks, have been covering their dealing expenses for some time and the exchange itself is now making a profit—and starting to repay its parent company, the stock exchange, for the heavy subsidies provided during the early, loss-making years.

For the exchange the breakthrough into profit is of crucial financial importance. The task of spreading a new investment gospel is often thankless but when it costs money the process is always at the mercy of its detractors. As it is the difficult days are now over, or so it seems. The exchange now regards itself as a firmly-established, working forum.

Helped by an impressive rise in the number of options traded, the EOE chalked up its first ever profit of Fls 26,000 ($9,560) in 1981, and the early months of 1982 have continued the profit trend. The first quarter has already chipped-in profits of some Fls 100,000 and contract volume in recent months has been running comfortably in excess of 5,000 daily.

The seasonally slack summer months have now arrived, but the exchange is talking confidently of a further expansion of voluma later in the year, helped by the introduction of currency options.

Bullion

The exchanga currently offers investors 25 options on Dutch, U.S., German and Belgian shares as well as five options on a range of Dutch government bonds. There is also a single bullion option aimed at gold investors and the exchange adds to its gold service by extending trading hours through links with the Montreal stock exchange. Plans to extend these links to include trading in Vancouver could well see gold trading in Amsterdam extended from its present 12-hour day to between 15 and 16 hours.

Ambitious as ever, the EOE hopes by the end of the year to introduce a world first: trading in currency options. There is likely to be a tentative beginning but, ultimately, the exchange hopes to offer trading in U.S. and Canadian dollars, German marks, sterling and guilders.

For the moment though its main business consists of domestic share and bond options. Out of a total cash turnover of Fls 398m in 1981, Dutch options accounted for Fls 351m with Philips, the electrical giant, far and away the most widely-traded option. Turnover in German equity options rose, but U.S. options fared badly with volume falling sharply on the back of mounting uncertainties on Wall Street.

Even so, there is quiet satisfaction in Amsterdam at the progress the exchange has made over the past four years. It almost foundered at birth since the original plans for the formation of a joint market with London came to nothing, but the exchange soldiered on, and although it has never been the runaway, Chicago-style success its founders had hoped for it is at least proving itself viable.

Conservative

Yet a number of problems continue to block the path of smooth progress. European investment institutions tend to be conservative, un-schooled in the ways of option markets; there are technical difficulties to trading options in shares subject to varying regulations in their country of domicile; and the exchange has yet to reforge its links with London to the extent that UK-listed securities are included in its range of options.

Still, the uncertainty and volatility of the world's financial markets is likely to fuel demand by investors for the services of traded optians. For its part, the EOE believes that a growing number of both institutional and private investors are coming to the conclusion that options can be used to limit potential losses in the value of the shares, bonds or whatever they represent. Certainly, high inflation is making investors much more demanding of short-term investment performance.

Although the London and Amsterdam stock market authorities maintain friendly links, not everybody sees scope for direct co-operation between the two centres within the framework of an options market. The interests of the Dutch banks are an obvious stumbling block. They make the market in Holland and their methods differ radically from those of the UK broking and jobbing community. However, the EOE is keen to work more closely with London and "would respond quickly to any signal."

Over the longer term the possibility of an expanding options market in London could pose an obvious threat to Amsterdam—as could the plans for a msrket in financial futures in London sometime in the autumn, but the Dutch are sanguine enough on this point. Time will tell, they say. For the moment the exchange is confident that its wide range of option services can continue to attract custom.

J. B.

BRITAIN'S MICRO-ELECTRONICS BOOM

Thames Valley '8-bit rat race'

By Carla Rapoport

ABOUT 35 years ago a group of prominent British engineers was called in by the Government to give its opinion of the impact of the newly invented computer. After some study, the experts decided there would be enough work in Britain to require a total of five computers.

The computer revolution took more than Britain by surprise. IBM, the American communications giant, apparently made fewer than 20 of its first computers because it thought the world could not cope. But Americans swiftly recovered from their disbelief; the computer industry came of age in places like Sunnyvale, California and Highway 128, Massachusetts.

The trip back across the Atlantic has been a long one, and it has been largely directed by Americans. But a stretch of road west of London, the M4, has now made it on to the international electronics map. And like other locales infected with microelectronic fever, British towns like Woking, Bracknell, Swindon and Reading, to name a few, just aren't the same these days.

Don't expect swimming pools in the car park or board meetings in a hot tub when you travel to Britain's silicon valley. But you will find senior British executives taking a course in "Constructive Confrontation" at the Swindon offices of the U.S. company Intel. In Woking, you will find the name Allied Micro Services inscribed on the tallest, newest building in town and at 8 pm you'll find lights burning brightly. Just down the road you will find Goldsworth Park, one of the largest private home developments in Europe, with some 6,000 homes built or under construction.

At the heart of all this upheaval is what one participant calls the "8-bit rat race," or the micro-computer boom which has put electronics under everyone's nose. Venture capital, once as rare as gold dust, is now beginning to flow into the Thames Valley.

Britain's Silicon Valley is still tiny compared to the one in Northern California. But at a time when the recession is still biting deeply across Britain, it is refreshing to find managing directors who are bouncing with enthusiasm.

Who then are these energetic people and how do they differ from the rest of us? Why are they working so hard and what are they getting out of it? Meet three representatives here—if they get things right, you may well hear more of them later.

Not much lunch

ROD SAAR doesn't eat much lunch. "I'd like to be lean and mean. I avoid business lunches like the plague. You have to be healthy and physically fit for this business."

Mr Saar is a handsome, impeccably-dressed man in his forties with bright blue eyes and grey hair. Eighteen months ago he was appointed managing director of Newbury Labs, a manufacturer of VDUs and printing terminals. The results have been dramatic. In the first quarter of 1982, sales doubled to £2.2m while profits climbed to £268,000 from £16,000 a year earlier.

A few weeks ago, Newbury merged with Data Recording Equipment and Mr Saar became marketing director of the new company, Data Recording Instruments, a wholly owned subsidiary of the British Technology Group with a combined turnover of £34m.

Five years ago, Mr Saar was an RAF officer. After 18 years in the military, he went to IBM and left two years later "because I was bored."

"IBM is a bucket of eels. Get one bad eel and it makes no difference. The levels of decision-making go up and up and never stop. On the other hand, it's good training. I took it and went elsewhere."

In the corner of his new Staines office stands an easel with an over-size tablet of drawing paper. He draws with large felt pens and talks animatedly about his company's marketing strategy.

Mr Saar has scrapped the straight commission system and gives his sales people points based on the profit margin of each piece of equipment sold. "We want to be marketing and sales driven, not production driven. We don't want to build Concorde."

In the south, he says, there is a floating population of computer salesmen. "Some stay long enough to take your secrets and then go. There is always

John Elsden (left): 17-hour day; Tom Fitzpatrick: manic appetite for work; Rod Saar (right): sales driven

a lack of good ones, so you grow your own," he says.

Selling is razzamatazz, according to Mr Saar. "An unemployed actor will rent a suit and a Rolls-Royce and arrive. We need that kind of visibility and invention here." To keep up the spirit, Mr Saar gives out prizes, colour TVs, fancy cars and excellent benefits.

Keeping up exacts its price. "Divorce seems to be a hazard of the business. All my bosses were divorced. We do tend to take our work home with us," he says, adding that he has not had a holiday in two years. The emphasis throughout the industry on keeping fit is almost a survival mechanism, he says. "At my last job, three of the guys died of heart attacks and one was only 37."

Franchise lure

"AMERICA has the ability to build the product and market it. We can build 'em, but we can't seem to find the market."

Ever since he and a partner opened their doors over a chemist's shop a few years ago, Tom Fitzpatrick has been determined to disprove his own theory on British marketing. This determination, plus a manic appetite for work, appears to have paid off. LSI Computers has just moved into its own headquarters in St Johns, a bustling community in Surrey. When the company goes public this autumn, Mr Fitzpatrick, a slightly-built, 42-year-old Scot, will be worth a few million.

LSI designs and sells peripherals and microprocessors. Its main market—products in the £500 to £5,000 range—is almost completely dominated by American and Japanese companies.

"You have to be an innovator. You have to keep saying: 'Is there something more we can do?' In the U.S., everyone has a new idea and then a better one."

Mr Fitzpatrick's current brainstorm is to franchise his operation. "Who has ever heard of a McDonalds of computers?" he asks with a grin. He admits that keeping top salesmen is a problem and selling is crucial to the business. Franchises, he explains, are a way to beef up sales and at the same time lure quality salesmen from the big companies and get them to start up on their own—with the LSI logo and LSI equipment.

To kick off the project, he put a small ad in a Sunday paper about 18 months ago. More than 200 responses poured in from people at IBM, ICL and others. Three franchises were launched and each was a success. Now 20 new shops are under development. Mr Fitzpatrick expects the franchises to nearly triple LSI's sales next year, from £7m currently to more than £20m.

The product has to be good, he quickly adds, to fuel this kind of growth. How does he attract and keep high-quality design engineers? "Personal charisma has a lot to do with it."

Mr Fitzpatrick and his partner travel to the U.S. frequently. There is really no comparison between the two countries, he says, because of America's huge domestic market place. But he is optimistic about the UK. "Britain has balance. You can whip up enthusiasm here, but you don't get fanatics, the guy who destroys himself and others too.

"In North America, they have this desire to crawl their way up at anyone's expense. They might knife you in the back nicely, but they knife you just the same."

Son of a postman and one of seven children, Mr Fitzpatrick has already achieved a semblance of the American dream in Britain and is not stopping.

'It's a thrill'

JOHN ELSDEN, at 30, is managing director of Allied Business Systems, a prosperous subsidiary of Trafalger House, which designs, builds and sells minicomputers. He generally works a 17-hour day, which includes four hours of commuting to his home in Hertfordshire. Mr Elsden had no technical training whatsoever and taught himself about computers through tinkering and observation from the time he was 17.

Mr Elsden has a large, spacious office with a solid black wall of cupboards on one side and soft, spongy sofas scattered about. After his staff goes home, be commonly acts as the switchboard operator, politely taking all calls. Most often, it's an employee.

"They know I'm here. If there is any little problem, they can call me," he says. "It's amazing how removed you can get if you aren't available."

He also tends well to their financial needs. Like most computer companies, health care, cars, and pensions are standard. He says ABS engineers earn up to £17,000, plus benefits. Salesmen earn between £25,000 and £35,000, while sales managers earn up to £45,000.

Mr Elsden says it is essential in his business to adapt to his employees. "If you get the right people, you do for them. You move them, you put computers in their homes, you encourage them to work whenever they like . . . at night, mornings, at home. Even at the factory, we let people take the soldering work home."

Pushing out the product, however, remains Mr Elsden's prime concern. "Selling is a bit like taking drugs," he says. "It's a thrill making the deal."

A major reason for looking after his employees is to prevent their leaving ABS and setting up on their own or going to a competitor. "They peel off, take five of your employees and set up in competition. It's annoying, but the bigger you get, the less able you are to cover all bases and that is where the smaller guys can get in. They know what you aren't providing, so they set up in a garage and start making it."

In order to harness some of this energy, Mr Elsden encourages designers to set up on their own with ABS equipment and sell their results to the parent.

Unlike counterparts in the industry, Mr Elsden owns only a tiny bit of his baby through profit-sharing in Trafalgar House. "I don't mind. I'm looking forward to the challenge ahead, trying to achieve a real industrial success with someone else's money."

Letters to the Editor

Acceptable face of funding

From Mr Allan F. Hodgson

Sir,—As someone actively involved in so-called "*faceless* funding," I would like to take issue with your correspondents Mr Groves and Mr Smith (July 14).

Earlier this year, the Northern Venture Capital Syndicate was formed, as an approved investment fund under tha Business Start-up Scheme, with the aim of concentrating on new and young ventures located in Scotland end the North of England. We have experienced no lack of approaches from entrepreneurs—rather the reverse—and consider several to have substantial potential. I therefore do not share Mr Groves' pessimistic view that entrepreneurs are to be found only in the South-East.

However, Mr Smith is surely expecting too much if sources of finance are to distribute cash without adequate information about an investment. In our experience most entrepreneurs have willingly provided detailed information about their ventures, with a high standard of presentation. Few have found it necessary to bring along their professional advisers at an early stage. In other instances we heve devoted time to advising less sophisticated businessmen nn the presentation of their project. Indeed, we bave found the response to our reqnests to be s valuable method of distinguishing between the determined entrepreneur with faith in his proposal and tha dreamer looking for e soft touch. If Mr Smith bas met with an unhalpful response from investors, I can only suggest that he widens hia net tn include "faceless funders" north of Preston.

Allan F. Hodgson,
Director.
Hodgson Martin Ventures,
4a. St Andrew Square,
Edinburgh.

Let the trial run its course

From the Director,
Graduate Course in Administration,
University of Dublin.

Sir,—I join those of your correspondents wbo think it would be unfortunate if voting on the Keymer and Haslam resolution forced the Institute of Chartered Accountants in England and Wales to withdraw the whip of SSAP 16. It would be unfortunate for the ICAEW *but* not necessarily for the accountancy profession. First, ICAEW is one only (albeit the largest in Great Britain) of the six cbartered bodies in GB and Ireland —it is not "the profession." Second, compulsory application (snd tn 6,000 or 1 per cent only of companles) is not perbaps the fairest way of conducting e trial of Current Cost Accounting; and third, SSAP 16 (like most Statements of Standard Accounting Practice) erodes the need for professional judgment.

Having agreed to the terms of a three-year experiment on SSAP 16 lines, ICAEW should allow the trial to run its course. A Keymer and Haslam win however, unfortunate for *the* ICAEW, would nnt oblige any or all of the remaining five chartered bodies to follow suit. The Association of Certified Accountants, the next largest, operates in Ireland and Scotland as well as in England and Wales; and Ireland and Scotland are served also by their respective Institutes of Chartered Accountants.

The Institute of Cost and Management Accountants and the Chsrtered Institute of Public Finance and Accountancy are less directly concerned with published accounts, but ICMA members certainly express preference for CCA over HCA (historical cost acconnting).

While ICAEW withdrawal of support for SSAP 16 could create institutional difficulties for CCAB, it need not stop application of CCA either compulsorily by other accountancy bodies and at the behest of stock exchanges, or voluntarily out of conviction by individual members of all bodies inclnding ICAEW. It is nnthinkable that any of the bodies would go to the length of forbidding their members to apply CCA if they judge it "true and feir" to do so.

While I should prefer to see professional judgment restored in e more considered way than througb the ballot box, the short-term misfortune of a Keymer and Haslam win could lead to a proper reconsideration of the role of eccounting standards. Compliance with rules erodes the need for professional judgment. Application of the rules absolves a practitioner from thinking out what is appropriate to the circumstances and is *a powerful* defence against a charge of incompetence.

Professional accountants know about the deficiencies of historical costs. In providing information to manegers, accountants are capeble of using current end expected future prices when and where they are appropriate to planning and decisions; and, since annnal accounts are reporta of achievement, it would be strange if the prices and valuations underlying the reported figures were not consistently based with those used in planning. An accountant who fails in tnese respects is lapsing from professional standards and exposing himself to disciplinary action. In this situation, detailed roles about measurement and valuation wbich comprise many of the Statements of Standard Accounting Practice can only invade and threeten to destroy professional judgment. After the tranma of SSAP 16, let us hope the accountaney bodies will think again before launching any more.

Amory Pakenham-Walsh.
Trinity College,
Dublin 2.

A case of sour grapes

From Mr R. A. Brisley

Sir,—The object surely of CCA is tn communicate to interested parties through published stewardship statements the effect of inflation on the operating capacity of an enterprise. SSAP 16 fulfils this role.

The Keymer Haslam faction seem to imply that a simple statement appended to historical cost statements shnwing the effect of infletion on sbareholders funds will satisfy this need more efficiently and accurately than adherance to SSAP 16. I question their ability to produce sucb supplementary statemants more cost effectively than those required by SSAP 16. If the mechanics of their proposed statement are simple and *less time consuming*, then it is likely to be less objective than CCA under SSAP 16.

On the question of cost, start up costs aside, the cost of producing CCA accounts over a number of years is not likely to exceed the cost of raising more eqnlty in the future to merely finance current operating capacity. CCA would ensure that adequate capital is retained in the business to maintain its operating capacity. It is expensive for shareholders to suffer tax on dividends which should never have been paid, and then suffer the cost of raising further equity as well.

Further SSAP 16 is criticised for tending to make companies cash rich and open to dawn raids and asset strippers. This is nnlikely. During the business cycle assets will constantly be replaced, consuming cash before it accumulates.

SSAP 16 has many positive advantages. The Keymer Haslam faction are negative in epproach, partly spurred on by sonr grapes, that they csnnot share in the spurious CCA bonanza "enjoyed" by the Big Eight.

R. A. Brisley.
12 Sideling Tails,
Yarm, Cleveland

A matter of style

From Mr F. P. Weavers

Sir,—I feel sure that Mr Kent wrote to you with his tongue in his cheek. Sadly, Section 78 of the Companies Act 1980 offers only the alternative of "p.l.c." for a public limited company.

I alweys felt it was a pity that such companies were not designated "public voluntary company" as the abbreviation *would* than have so accurately reflected the situation of contemporary society.

F. P. Weavers.
8, Beechnut Lane,
Solihull.

First find a blue chip

From Mr J. W. L. Nichols

Sir,—I feel that both Mr Melchor (July 6) who complains of lack of entrepreneurs in the North of England and Mr Groves (July 14) who boasts that the good entrepreneurs can be expected to emigrate to the Sonth-East of England, overlook the meaning of the word entrepreneur, ie, "one who *undertakes* en *enterprise.*"

I suspect thet a good entreprencur who, incidentally, I would expect to be taking advantage nf the Regional Development Grants available in the old industrial black spots of the North, would not seek tbe assistance of a supplier of so-called risk capital; the good entrepreneur will go it alone and get ell tbe support he needa from the joint stock banks.

The type of person, however, wbo can nse risk capital is one who has a product or idea to sell snd either bas no casb or collatcral to finance it, or wbo assesses the present economic climate to be too bostile for him to bave even the remotest cbance of success on his own.

Such a character is not likely to attract the sympathy of the High Street bank or the purveyors of risk capital. The latter are nn the lookout, nnderstandably, for new blue chip businesses.

The only real risk capital is the entrepreneur's and I suspect that both Mr Melchor's and and Mr Groves' organisations are unknowingly bent on moonraking.

J. W. L. Nichols.
Mill House, Holton St Peter,
Holesworth, Suffolk.

UK COMPANY NEWS

Multitone Electronics' 120p tender offer

THE PROSPECTUS is published today for Multitone Electronics, manufacturer of communication and radio paging systems. The company is seeking a full stock exchange listing by way of an offer for sale by tender of 36,675,000 shares at a minimum price of 120p.

The offer represents 24.5 per cent of the enlarged capital of the company and is made up of 1.875m shares from existing shareholders and 1.8m new ordinary shares. At the minimum tender price, the company will be capitalised at £18m.

The tender will raise at least £1.77m, which the directors say will be used to further expand and develop the business. In the past five years, the company has registered strong increases in both profits and turnover. In the year ended March 1978, pre-tax profits were £748,000 on turnover of £9m. By 1982, profits had more than doubled to £1.7m on turnover of £16.5m. The company is not making a profits forecast for this year though the directors indicate a 2.52p dividend.

The company is based in London, but has manufacturing facilities in the UK, Malaysia and Canada. Nearly 60 per cent of its turnover in the year ended last March was direct exports or sales by overseas subsidiaries. The company distributes throughout North America, Europe and the Far East.

Multitone was founded in 1931. For its first 25 years, it was engaged in the business of hearing aids. In 1955, it was commissioned by St Thomas' Hospital in London to build a hospital paging system using personal pocket receivers. Since that time it has developed the radio paging business and now sells systems to such diverse customers as the American Stock Exchange, the Home Office, British Telecom, fire brigades, hotels and soon, Lloyds of London.

Two of the directors are selling part of their holdings. After the offer, the directors will control 47.5 per cent of the equity and their adult children will hold a further 5.8 per cent. Finance For Industry (UK Finance) will own a further 13.6 per cent of the enlarged capital.

Arbuthnot Latham is advising the company and L. Messel are its stockbrokers. The application list is to open on July 22.

● comment

Multitone is operating in a business it helped to pioneer but one which has since been overrun by the giants in the electronics industry. Bleepers, or radio pagers, are ubiquitous throughout the U.S., for example, but most are made by Motorola. Multitone counters that it has specialised in on-site paging, such as those in hospitals and business, and has left wide area paging to other companies. It has not done badly in its niche—trading margins were around 12 per cent last year and sales have gone up by 70 per cent in four years. Most of its business is in Britain, but that could shift as markets broaden in the Far East and Europe. The company is not giving away much on plans for its new money, but with Phillips, AEG Telefunken and Motorola as competition in radio paging it is well-advised to press on with its work in other high tech communications systems. The fully taxed PE of 19.1 and the 3 per cent yield at the minimum tender price reflect the continued glamour of the electronics sector. Bidders are advised to add a premium to their application perhaps as much as 10p a share.

First-half shortfall seen by Nova Knit

WHILE REORGANISATION measures taken will provide a broader base and a more efficient operation, there will be a temporary contraction of turnover at Nova (Jersey) Knit and therefore, lower profit in the six months to September 30 1982, Mr Frederic Strasser, the chairman, warns in his annual statement.

However, the benefits of this reorganisation, which has now been completed, are already beginning to show through and barring unforeseen circumstances, he looks forward to a renewed upward trend in both turnover and profit during the second half of the year 1982-83.

As reported June 19, pre-tax profits for the year ended March 31 1982 moved ahead from £630,000 to £703,000, on turnover of £9.15m (£6.83m). The dividend for the year is being raised from 4.5p to 5.5p net, reflecting the board's confidence that the reorganisation will lay a foundation for greater growth in the future.

The group's activities are in the manufacture and sale of double jersey-knit fabric and the supply of technical services, including know-how and computer produced designs.

The year 1981-82 witnessed very heavy capital expenditure, amounting to £553,579 net of grants. This investment in new equipment was incurred as a result of the policy decision to reorganise the business to make it more capital intensive, to reduce its dependence on knitting and to expand into textiles other than knitted fabrics.

This necessitated some fundamental reorganisation of the existing operations to respond to changing conditions in the market place. The reorganisation included the consolidation of knitting into one location, instead of three, the use of new, more productive machines and the establishment of new dyeing and finishing techniques.

Unichem sales up 33%

Unichem, the UK's largest pharmaceutical wholesaler, announced that turnover for the first half of 1982 rose 33 per cent to £132.7m with profits continuing to rise satisfactorily. Mr Peter Dodd, managing director, describes the results as "excellent"—especially as Unichem was suffering for the whole of the second half of 1981 from the fire that destroyed the Kingston upon Thames branch.

"The new Kingston branch is now operational and, when it becomes fully so by the end of July, we will be in a strong position to seek further growth and expect, at least, to maintain the present level of increase," Mr Dodd says.

Unichem has branches in Croydon, Kingston, Livingston, Nuneaton, Sheffield, Walthamstow, Exeter, Leeds, Newcastle, Preston, Swansea and Willesden.

Possible offer for Greenbank

The board of Greenbank Industrial Holdings yesterday announced it was aware that another company was considering an offer for Greenbank.

The board, which is being advised by S. G. Warburg, said it would keep shareholders informed.

Greenbank, a Blackburn-based engineering group, reported a 21 per cent rise in pre-tax profit to £1.98m in 1981 on turnover which was 17 per cent down at £9.82m.

In its last annual report the company said action taken to streamline the business would enable it to take advantage of any recovery in trading conditions. It expected to continue to earn satisfactory profits.

Greenbank has issued share capital of £2.52m. Its share price rose 9½p to a 1982 high of 46p yesterday valuing the company at £11.6m.

London and Liverpool

UNDER AN option agreement, Consult International, a company controlled by Mr R. A. Shuck, a director of London and Liverpool Trust, has acquired 586,667 ordinary shares in L. and L.T., of which 400,200 have been sold.

Management Advisory Services, a company controlled by Mr G. W. Cross, also a director of L. and L.T., has acquired 293,333 ordinary shares, of which 200,100 have been sold.

Castlebridge has acquired 586,667 ordinary shares, of which 400,200 have been sold.

There remain 200,000 ordinary shares in the capital of L. and L.T. subject to the option agreement, the benefit of which is jointly and severally held by Consult International, Management Advisory Services and Castlebridge.

Therefore, the total number of shares in which the various parties are interested is: R. A. Shuck 2,179,964; G. W. Cross 298,233; Castlebridge 1,032,279.

SHARE STAKES

Wolverhampton Steam Laundry—D. J. Brooks purchased on June 21 53,000 ordinary shares and on June 28 12,304 ordinary; he now has an interest in 130,000 ordinary shares (10.02 per cent).

F and C Eurotrust—Foreign and Colonial Investment Trust has acquired 50,000 ordinary and now holds 783,000 ordinary (10.44 per cent).

Consolidation period at RTD

THERE IS no doubt that prospects at this time for the current financial year indicate a less satisfactory outcome for RTD Group than last year, says Mr Dermot Ryan, the chairman, in his annual statement.

In consequence the directors anticipate a period of consolidation during which opportunities for the natural growth of BMG Engineering (acquired in March) will be exploited, together with the development, where justified, of new products and processes within the group's existing factories.

As reported June 14, this Dublin-based group with interests in electro-plating, generators and motor accessories, turned in a pre-tax profit of I£264,949 for the year ended February 28, 1982, against a loss of I£318,174 previously. No dividends however, are being recommended on ordinary or preference shares.

Mr Ryan reports that major losses were suffered in the group's hard chrome plating company following the collapse of the Stone-Platt Group. Stone-Platt accounted for 30 per cent of the sales of the hard chrome company and as a result its trading performance will continue to be affected. The group's bright chrome and allied processes factory is trading satisfactorily.

Since January this year, general demand for generator sets has shown a decline and this, coupled with the present closure of the Nigerian markets, will seriously affect the trading of the group's generators company, which is mainly export orientated. In an attempt to counteract these effects, new products are being developed for this company, but the benefits will take some time to materialise.

The group's electro-plated motor accessory business, which last year enjoyed a relatively good year's trading in comparison with previous heavy losses, is now suffering from the general slump in the UK motor cycle industry. In addition, on the export side its trading is also adversely affected by the Nigerian clamp down on imports.

Meeting, Dublin, on August 6.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Alexanders Discount, Scan Data International.

Finals:—C. H. Industrials, Control Securities, Crown House, Initial, Kode, Kellea Rubber Estates, Rotaprint, Siebe Gorman, Stroud Riley Drummond.

FUTURE DATES

Interims:—
London and Lomond Invest Tst. .... July 21
Moorside Trust .... July 23

Finals:—
Arlington Motor .... July 23
Associated British Eng. .... July 21

Cliff Oil (Pacific) issue

Cliff Oil announces completion of a placing of 30m shares and 15m share options in Cliff Oil (Pacific), a new Australian company formed for exploration primarily in Australia. A public issue in Australia of a further 15m shares and 7.5m options will take place within the next month and dealings will commence on the Sydney stock exchange soon after.

On completion of this issue Cliff Oil (Pacific) will have raised A$9.2m (£5.38m). Cliff Oil will hold 43.75 per cent of the issued share capital and investment trusts managed by Drayton Montagu Portfolio Management will hold 25 per cent.

Allisons of Pocklington

At the request of the directors, receivers have been appointed to Yorkshire based Allisons of Pocklington and its subsidiary companies.

The group's diverse interests include three garages at Hull, Doncaster and Pocklington, the manufacture of building blocks and pre-cast beams, haulage and the sale and installation of domestic saunas and swimming pools.

The group which last year had a turnover of over £7m employs 190 people and the joint receivers, Mr Richard Turton and Mr John Talbot of Spicer and Pegler, are attempting to sell the various businesses as going concerns.

Int. Property Development

A statement of affairs of International Property Development has shown a deficiency of £5.12m as at June 30, 1982.

A resolution has been passed by the company's shareholders and confirmed by the creditors, for the creditors voluntary winding-up of the company with Mr Bernard Phillips as liquidator, together with a Committee of Inspection.

The company was a public company, but the quote was suspended in July, 1974. It was originally known as Trinidad Sugar Estates and its assets consisted of land in Trinidad. In 1965 certain of the land was disposed of to the local government and the company's name was changed to the present one.

SPAIN

1982 High	Low		July 19 Price %
366	300	Banco Bilbao	311
362	244	Banco Central	254
324	218	Banco Exterior	221
337	281	Banco Hispano	285
115	105	Banco Ind. Cat.	106
367	282	Banco Santander	298
235	158	Banco Urquijo	158
395	312	Banco Vizcaya	319
250	212	Banco Zaragoza	233
180	85	Dragados	110
100	80	Espanola Zinc	94
66.5	53.7	Fecsa	55.2
50	24	Gal. Preciados	24
68.2	55.7	Hidrola	56.7
59	42	Iberduero	44.5
104.5	70.2	Petroleos	73
101	74	Petroliber	89
40	5.5	Sogefisa	5.0
74	63	Telefonica	67.5
68	62.5	Union Elect.	65

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
Amro Bank	12 %	■ Hambros Bank	12 %
Henry Ansbacher	12 %	Hargrave Secs. Ltd.	12 %
Arbuthnot Latham	12 %	Heritable & Gen. Trust	12 %
Associates Cap. Corp.	12 %	■ Hill Samuel	§12 %
Banco de Bilbao	12 %	C. Hoare & Co.	†12 %
BCCI	12 %	Hongkong & Shanghai	12 %
Bank Hapoalim BM	12 %	Kingsnorth Trust Ltd.	13 %
Bank of Ireland	12 %	Knowsley & Co. Ltd.	12½%
Bank Leumi (UK) plc	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank Street Sec. Ltd.	13½%	Edward Manson & Co.	13½%
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Roxburghe Guarantee	12½%
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	12 %	Standard Chartered	12 %
Castle Court Trust Ltd.	12½%	Trade Dev. Bank	12 %
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	12 %
Cayzer Ltd.	12 %	TCB	12 %
Cedar Holdings	12 %	United Bank of Kuwait	12 %
■ Charterhouse Japhet	12½%	Volkskas Intl. Ltd.	12 %
Choulartons	13 %	Whiteaway Laidlaw	12½%
Citibank Savings	¶12½%	Williams & Glyn's	12 %
Clydesdale Bank	12 %	Wintrust Secs. Ltd.	12 %
C. E. Coates	13 %	Yorkshire Bank	12 %
Comm. Bk. of Nr. East	12 %		
Consolidated Credits	12½%		
Co-operative Bank	*12 %		
Corinthian Secs.	12 %		
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E.T. Trust	12 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1 month 9.25%. Short term £8,000/12 month 11.6%.
† 7-day deposits on sums of: under £10,000 9%, £10,000 up to £50,000 9¾%, £50,000 and over 10½%.
‡ Call deposits £1,000 and over 9%.
|| 21-day deposits over £1,000 10%.
§ Demand deposits 9%.
¶ Mortgage base rate.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	Low	Stock	Closing price p	+or-	Div.	Times Covered	Gross Yield	P/E Ratio
¶¶	F.P.	–	43	40	Anglo-Nordic 5p	40		b0.89	2.0	3.2	22.5
¶¶	F.P.	–	82½	78	Antofagasta Hldgs £1	78		7.0	3.6	12.7	3.4
¶¶	F.P.	30/7	16	11	Argyll Foods Warr'ts	11					
¶¶	F.P.	–	46	41	Argyle Trust	41					
‡250	F.P.	23/8	287	260	Assoc. Heat Services	280	–1	F9.0	[illegible]	[illegible]	[illegible]
¶¶	F.P.	–	43	40	Atlantis Res. Int.	43					
46	F.P.	30/7	56	50	Bairstow Eves 5p	50		b1.61	5.6	4.3	5.0
§90	F.P.	25/6	101	91	✻Blacks (Michael) 20p	91		u5.0	2.4	7.8	6.8
10	F.P.	15/4	32	19	Cambrian & Gen. 7½p	19					
§260	F.P.	4/6	455	293	✻Cont. Microwave	455	+1	b5.25	5.9	1.7	18.9
§318	F.P.	30/7	62	53	✻Dencora	53					
150	F.P.	28/5	173	140	✻Druck Hldgs	172	+2	b2.5	3.5	1.9	23.9
–	F.P.	–	104	100	✻Ecobric New Ord £1	104					
–	F.P.	–	63	62	Do. Defd.	63					
137½	F.P.	25/6	98	84	Electro-Prot. US$0.58	89	+1	u1.5c	8.3	1.3	12.0
–	F.P.	6/8	60	57	✻Group Op Options	60					
§100	F.P.	17	60	57	✻Knight Cmptr Int 5p	57					
§157	F.P.	30/7	195	150	✻McCarthy & Stone	187		bd1.6	4.0	1.2	20.3
§105	F.P.	2/7	121	110	✻Miles 33 10p	118		u1.5	2.7	4.4	11.2
§100	F.P.	27/7	130	108	✻NMW Computers 10p	118		ud2.9	4.0	3.5	8.9
§150	F.P.	15/6	156	150	✻Oilfield Insp. Srvc	155		bd4c	2.1	5.7	8.0
§130	F.P.	28/6	152	140	✻Radio City 'A' NV	140		u2.1	5.7	2.0	11.7
140	F.P.	23/6	188	160	✻Ruddle (G.) 10p	160		b2.2	3.6	2.0	15.9
¶¶	F.P.	–	44	37½	Walker (Alfred) 10p	37½		b0.25	5.5	2.9	7.0
¶¶	F.P.	–	90	40	Zambia Cons Cpr 10K	60					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	Low	Stock	Closing price £	+or-
¶¶	F.P.	–	60p	58p	Antofagasta 5.5% Pref. (£1)	60p	
100	F.P.	9/7	107	99	Bentox 8% Conv. Cum. Rd. Pf.	100	+1
£100	£10	26/8	11¼	10½	Bournemouth Water 9% Red. Prf. 1989	11¼	
100	Nil	29/7	¼pm	¼pm	Cronite 14% Cnv. Uns. Ln. '92	¼pm	
100	F.P.	–	146½	130	First Nat. 12½pc Conv. Uns. Ln. 1987	138	+4
¶¶	F.P.	–	102	98	✻Link & Cont'l 8% Conv. Sub Uns. Ln. '85-92	102	
100	F.P.	30/7	101	98	Marlborough Props. 10% Cnv. Ln. 2002	101	
100	F.P.	6/10	97	95	Midland Bk. 14% Sub. Uns. Ln. 2002-07	96½	
100	F.P.	–	100¾	99¾	Nationwide Bdg. Soc. 13½% (5/6/83)	100¾	
100	F.P.	–	100½	99¾	Do. 14% (4/7/83)	100½	
99.345	£25	–	25¾	24¾	New Zealand 14¼% 1987	25½	+¼
100	Nil	23/7	1ppm	1ppm	Rotaprint 11½% Cum. Conv. Red. Pref.	1ppm	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date		1982 High	Low	Stock	Closing price p	+or-
150	F.P.	9/7	6/8	195	186	Applied Computer Tech	190	–2
170	F.P.	13/6	24/8	190	180	Bank Leumi (UK) £1	190	+5
85	Nil	–	–	15pm	1pm	Blundell-Permoglaze	15pm	
85	Nil	22/7	28/8	1¼pm	1pm	Cronite	1pm	
78	Nil	–	–	8pm	5pm	Dalrel Pet. 5p	6pm	
174	F.P.	18/6	30/7	236	213	Grand Met 50p	236	+1
26	Nil	26/7	3/9	½pm	½pm	Jenks & Cattell	½pm	–1½
65	Nil	–	–	11pm	8pm	Minster Assets	11pm	+½
50	F.P.	24/6	13/9	61	52	Press (Wm.) 10p	59	–1
380	F.P.	17/6	30/7	445	380	Saatchi & Saatchi 10p	417	–5
215	F.P.	5/7	15/8	265	256	Sketchley	256	+5

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

Public Works Loan Board rates

Effective July 14

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 5	12¾	12¾	13¼	14½	14½	14½
Over 5, up to 6	13⅛	13	13⅞	14¼	14¼	14⅝
Over 6, up to 7	13	13½	13½	14¼	14¼	14⅝
Over 7, up to 8	13¼	13¼	13⅝	14¼	14¼	14⅝
Over 8, up to 9	13½	13¼	13⅝	14⅛	14¼	14⅝
Over 9, up to 10	13¼	13⅜	13¼	14½	14½	14⅜
Over 10, up to 15	13½	13⅝	13½	14¼	14⅜	14¼
Over 15, up to 25	13½	13⅝	13⅞	14½	14½	14¼
Over 25	13⅝	13½	13½	14¼	14⅛	14⅛

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
*Acrow	July 27	Final 0.75	*Illingworth Morris	July 22	Final nil
*Alexanders Discount	July 19	Interim 6.5	*ICI	July 29	Interim 9.0
*Allied Colloids	July 20	Final 2.087	*Initial	July 19	Final 6.25
Associated Dairies	Aug 26	Final 2	*Lex Service	July 29	Interim 2.5
Ault and Wiborg	Aug 5	Interim 0.5	*Linfood	July 22	Final 5.5
Automotive Products	Aug 13	Interim 1.0	*Lloyds Bank	July 23	Interim 8.625
BBA	Aug 27	Interim 0.84	Lonrho	July 30	Interim 3.0
*Bank Leumi (UK)	July 21	Interim 3.15	*MFI Furniture	July 21	Final 1.52
*Barclays Bank	Aug 5	Interim 10.5	*Midland Bank	July 30	Interim 8.0
Bath and Portland	July 15	Interim 2.0	*NatWest	July 27	Interim 9.025
*Bibby (J.)	July 29	Final 8.5	Nottingham Manufctrg	July 27	Interim 1.9
*Bilton (P.)	July 26	Final 4.4	Ocean Transport	Aug 11	Interim 4.3
Blue Circle Industries	Aug 26	Interim 5.75	Pearl Assurance	Aug 26	Interim 8.5
British Aluminium	Aug 13	Interim nil	Preedy (A.)	Aug 3	Final 2.75
*Brown (J.)	July 23	Final 2.5	Raybeck	Aug 28	Final 1.13
Carrington Viyella	Aug 13	Interim nil	Rentokil	Aug 28	Interim 0.825
Comben	Aug 28	Interim 2.8	*Rothmans International	July 20	Final 2.65
Commercial Bank Aust.	Aug 13	Final dus	Royal Insurance	Aug 17	Interim 8.75
*Commercial Union	Aug 10	Interim 4.85	Securicor	Aug 11	Interim 0.8
*Davy Corporation	July 22	Final 4.7	Shell Transport	Aug 26	Interim 8.0
De Beers	Aug 19	Interim 25c	Sime Darby	Aug 27	Final 17
Dixons Photographic	July 30	Final 2.179	Slough Estates	Aug 26	Interim 1.25
*Finch Lovell	July 29	Final 3.71	Smith and Nephew	Aug 11	Interim 1.5
General Accident	Aug 11	Interim 7.5	Stenhouse	Aug 13	Interim 3.0
*Gestetner	July 21	Interim 1.25	*TI Group	July 23	Interim 2.0
Glynwed	Aug 5	Interim 2.45	Taylor Woodrow	Aug 11	Interim 3.15
Gold Fields SA	Aug 12	Final 320c	Transport Development	Aug 10	Interim 1.45
*Hawley Group	Aug 25	Interim 1.1	Ultramar	July 13	Interim 8.0
Hillards	Aug 3	Final 3.75	*Union Discount	July 21	Interim 3.0
*Hogg Robinson	July 29	Final 3.0	Vantona	Aug 5	Interim 2.5
HK & Shanghai Banking	Aug 25	Int HK$0.21	Wagon Finance	Aug 26	Interim 0.625
Hoover	Aug 9	Interim 6.0	Wagon Industrial	Aug 4	Final 3.0
Horizon Travel	Aug 17	Interim 1.15	Woolworth (F. W.)	Aug 12	Interim 1.25

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

£000's capitalisation	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
4,131	Ass. Brit. Ind. Ord.	124	+ 4	6.4	5.2	11.3	13.5
—	Ass. Brit. Ind. CULS.	134	+ 8	10.0	7.5	—	—
4,110	Airsprung Group	71	—	9.1	9.0	8.1	13.9
1,075	Armitage & Rhodes	43	—	4.3	10.0	3.6	8.1
13,625	Bardon Hill	223xd	– 5	11.4	5.1	9.4	11.9
1,375	CCL 11pc Conv. Pref.	110	—	15.7	14.3	—	—
4,189	Cindico Group	265	—	26.4	10.0	10.7	12.0
5,030	Deborah Services	65	+ 1	6.0	9.2	3.2	5.7
4,302	Frank Horsell	135	+ 1	7.9	5.9	5.7	6.1
10,690	Frederick Parker	74	—	6.4	6.6	3.5	7.2
978	George Blair	53	—	—	—	—	—
3,980	Ind. Precision Castings	98	—	7.3	7.4	7.1	10.7
2,840	Isis Conv. Pref.	110	—	15.7	14.3	—	—
2,657	Jackson Group	106	—	7.5	7.1	3.2	6.7
17,252	James Burrough	125	+ 2	9.6	7.7	9.1	10.2
2,316	Robert Jenkins	227	– 3	20.0	8.8	2.5	36.0
4,260	Scruttons "A"	81	+ 2	5.7	7.0	10.5	12.7
3,783	Torday & Carlisle	156	—	11.4	7.4	7.0	11.8
3,915	Unilock Holdings	25	—	3.0	12.0	4.5	7.8
10,757	Walter Alexander	86	—	5.4	7.5	5.5	9.9
5,694	W. S. Yeates	244	+ 9	14.5	5.9	9.4	12.8

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INTERNATIONAL CAPITAL MARKETS

CREDITS

Summer storms upset the holiday mood

THE EUROCREDIT market showed every sign of shutting down for the summer holidays last week, but this year it will take more than a good rest to lift the unusually sombre mood.

In Basle last week pessimistic central bankers estimated that at least $200bn of international debt is of doubtful or potentially doubtful quality. This realisation, coinciding as it does with a number of mishaps in the banking world, has left some nerves in the Eurocredit market rather frayed.

It is still far from clear whether this will lead to a slowdown in normal levels of activity once the holiday period is over. The summer months are always quiet in the Eurocredit business and this year is no exception.

But some borrowers who need money are still gearing up to hammer home their attacks on the market. Chile, for example, last week lifted its restrictions discouraging its borrowers from taking up loans abroad with an average life of less than five and a half years.

Previously it had required borrowers to pay a minimum reserve requirement of up to 20 per cent on shorter-term borrowings which had acted as an effective block on this type of business, but banks are rather fed up with medium-term Chilean paper and this change should open the door to new capital inflows.

Among current operations for Chile is a $250m credit for the copper company Codelco and a $90m co-financing loan with the Inter-American Development Bank being arranged through Long Term Credit Bank of Japan. This eight-year loan bears a margin of 1½ per cent over London interbank offered rates (Libor) for four years rising to 1⅝ thereafter or 1-1⅛ per cent over U.S. prime rate.

Mexico has indicated that it will use a more diversified approach to the market following the disappointing response to its recent $2.5bn jumbo Eurocredit. As well as tapping regional banking markets it plans to increase its exposure to export credits, bankers acceptances, leasing and bond issues, according to Sr Angel Gurria, a senior finance ministry official.

Sr Gurria said he was optimistic Mexico could meet its net borrowing needs of $11bn this year—about $6.5bn is already accounted for—but separate news last week that Mexico briefly in April drew $600m out of its $700m swap line with the U.S. Federal Reserve only served to underline the tightness of its cash-flow.

In Europe the $250m mandate for Greece's Public Power Corporation was still awaited on Friday night amid signs of tough negotiations between the borrower and interested banks, but some new business is also reported out of Spain.

The Kingdom of Spain last week reportedly issued a surprise invitation to bid for a $100m, four-year bank credit amid signs that it continues to be keen to diversify its currency of borrowing.

Its state railway, Renfe is already arranging a package of around $120m through Sumitomo Bank of which part will be made available in yen.

Possibly because interest rates on sterling are currently lower than those on dollars, sterling is enjoying a bout of popularity as a vehicle for international capital market borrowings.

In Portugal, Electricidade de Portugal has completed a £50m, two-year acceptance facility with a commission of ⅛ per cent arranged through Hill Samuel and Banco Ultramarino.

Elsewhere Bank of Nova Scotia is arranging a $690m credit for U.S. Steel. This is a club deal, and Bank of Nova Scotia declined to give details on Friday.

Terms have now been fixed for the $750m credit for New Zealand Refinery being arranged through Lloyds Bank, Morgan Guaranty, National Bank of New Zealand, and Bank of New Zealand.

The credit will bear a margin of ⅜ per cent for the first two years, rising to ½ per cent for the next eight with the possibility of a one-year extension. Repayments begin after a grace period of three to four years.

The terms compare with a margin of ⅜ per cent for the first three years, rising to ⅜ for the next five and ⅞ per cent for the final four on the same borrower's previous credit in 1980. Both operations are to finance the country's only oil refinery at Marsden Point on the North Island.

Peter Montagnon

INTERNATIONAL BONDS

Attempted recovery set aside

THE WORLD BANK is planning a $150m to $200m Eurodollar bond issue involving a dollar-Swiss franc currency swap. As of Friday evening the mandate had not been awarded, but the World Bank is hoping to go ahead with the issue this week, market conditions permitting.

The idea is for the World Bank to launch a dollar bond and then take over the Swiss franc liabilities of a counter-party. The counterparty, which would prefer to take on dollar debt, would in turn pay the fixed-interest coupon of the World Bank dollar issue, saving the World Bank as much as 600 or 700 basis points.

The Swiss National Bank is believed to have given its assent to the transaction, which is modelled on previous swaps implemented by the World Bank. The two reasons why the issue had not materialised by the weekend were first that the World Bank, like everyone else, was watching to see what the latest U.S. M-1 money supply figures would be and secondly, it had not yet finalised the swap with a potential counter-party.

The Eurodollar, Euro D-Marks, and Swiss franc bond markets were, in the words of one fund manager, "paralysed" by the air of expectancy about the Friday U.S. money supply statistics. Trading in all three markets ground to a near-halt on Thursday and remained static on Friday as dealers played a guessing game about the widely awaited mid-July money supply bulge.

As a result, the attempted recovery earlier last week was set aside as investors and Eurobond houses engaged in only negligible business. Euro-currency six-month deposit rates, an important indicator of market sentiment, did not decline as had been expected and the dollar rate closed at 15⅜ per cent, little changed on the week.

Among the few Eurodollar issues last week, there were two new bank bonds for Creditanstalt Bankverein and Sumitomo Bank. Both carried 15¼ per cent coupons at par and both entailed interest rate swaps under which a counter-party is brought in to take over the fixed-interest coupon while the bond issuer takes over a floating rate debt, thus paying a lower charge.

By Friday the Sumitomo issue was quoted at a discount of less than 1 per cent while Creditanstalt traded at a 2 per cent discount.

In West Germany the City of Vienna kicked off the new four-week DM 1.375bn foreign bond calendar. The DM 100m Vienna bonds, through Bayerische Vereinsbank, traded at an initial discount of 2 per cent, reflecting the judgment of some bankers that its 9½ per cent coupon—the same as that assigned to a World Bank DM 200m issue—may have been aggressively priced.

After the Vienna issue was launched WestLB announced it was cutting the 9¾ per cent coupon on its DM 100m Caisse Nationale des Telecommunications issue to 9½ per cent as well.

Today sees a private DM 50m placement for Standard Chartered Bank of Johannesburg through Bayerische Hypotheken-und Wechsel Bank. Tomorrow a DM 200m European Investment Bank bond is due through Deutsche Bank and on Wednesday a DM 75m private placement for Sperry Rand led by Berliner Handels-und Frankfurter Bank.

Other issues on the calendar include a DM 150m offer for the Asian Development Bank through Deutsche, a DM 100m issue for Banque Francaise du Commerce Exterieur led by Dresdner, a DM 100m bond for Woolworth from Commerzbank, a DM 100m Swedish Export Credit deal through WestLB, a DM 100m Air Canada bond through Deutsche, a DM 100m *Mortgage Bank of Denmark* issue from WestLB, a DM 100m International Telephone and Telegraph issue by Deutsche, and a DM 100m Black and Decker bond from Commerzbank.

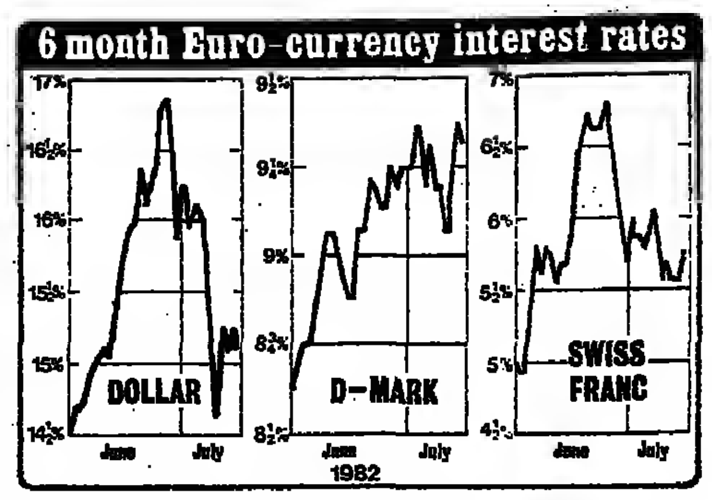
There is also a DM 100m issue planned for ENEL, the Italian state electric utility, through WestLB.

In the domestic UK sterling market today should see a £100m bulldog bond—an issue by a foreign borrower in the UK—for Australia. S. G. *Warburg is likely* to lead-manage the deal.

From Tokyo comes word of a disagreement between the Venezuelan Government and Yamaichi Securities over the terms of a planned Y20bn samurai bond—a samurai bond is an issue for foreign borrowers in the Japanese market. The issue has been postponed indefinitely as a result of the trouble, caused when managers told Venezuela it would have to pay more than its preferred 8.5 per cent coupon and Venezuela declined to do so.

Alan Friedman

6 month Euro-currency interest rates



WEST GERMAN MONEY MARKETS

Interest rates back under the influence of Wall Street

SINCE EARLY May, when the Bundesbank abandoned its special Lombard rate for supplying banks with short-term credit and reintroduced the normal Lombard rate at 9 per cent, very little has gone right for the German credit markets, or indeed for the German economy as a whole.

Since May the downard trend of German interest rates has come to a halt. While the Bundesbank has been able to keep short-term money rates around ths Lombard level of 9 per cent, long-term bond rates have suffered a quite sharp reaction which will have done nothing for bank profits. The Federal Government's latest bond offering, from the railways, at the end of June, carried a 9¼ per cent coupon, against the 8½ per cent attached to its predecessor — a Government *issue*—by a few weeks.

Several factors account for the setback which has resulted in the German credit markets once again falling beavily under the influence of events across the Atlantic in Wall Street's money trading houses after a period when it seemed that the Federal Republic had succeeded in achieving a considerabte "de-coupling" from U.S. rates.

One is that the fears of higher U.S. budget deficits and the higher U.S. interest rates which bave followed have coincided with *further evidence* that the German Government's budget problems are proving just as intransigent as ever.

The immediate outlook too is not very enconraging. The Federal Government is expected to raise about half its 1982 borrowing reqnirement of DM 34bn in the second half of this year, and that without much help, in all probability from the foreign investors wbo took up so much Government paper last year

At the same time with *German interest rates* quite low by internatiooal standards and the D-Mark not looking a candidate for revaluation, foreign borrowers are competing with German borrowers for funds. The latest foreign bond calendars foresees some DM 1.3bn of foreign issues in the coming month, and then of course there are foreign direct credits to add to that when considering the impact of credit outflows on the D-Mark.

There has also been an upward spurt in inflation, which, while it is not expected to last, has been worrying.

Dealera fear that these trends could result in German rates fluctuating between 9¾ and 10 per cent in coming weeks. Much will depend however on how U.S. rates move and on the unpredictable dollar/Mark relationship. Few are expecting any new early moves by the Bundesbank to cut the Lombard rate again. The risks of such a step, it is argued, appear to be not worth the potential benefits.

Stewart Fleming

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
EIB‡	200	1992	8.33	15¼	99½	UBS Secs.	15.650
Creditanstalt Bankverein‡	75	1990	8	15¼	100	EBC, S. G. Warburg	15.500
Mexico‡	150	1997	15	18½	100	Merrill Lynch	18.500
American Medical Intnl.‡	200	1997	15	0	14	Dean Witter Reynolds	14.000
American Medical Intnl.‡	250	2002	20	0	8.25	Dean Witter Reynolds	13.290
Sumitomo Finance Asia‡	50	1989	7	15½	100	Sumitomo Fin. Intnl., Paribas	15.500
Ireland‡†	50	1992	7	5¼*	100	Bank of Tokyo, Bank of Ireland	*5.250
Asian Dev. Bank‡	400	1992	10	0	25	Lehman, First Boston	14.870
CANADIAN DOLLARS							
Canadian Utilities	30	1987	5	7½	*	Wood Gundy	*
STERLING							
Tenneco‡	30	1987	5	14½	100	Morgan Guaranty, S. G. Warburg	14.750

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
D-MARKS							
CNT‡	100	1992	10	9½	100	West LB	9.500
World Bank‡	200	1992	10	9½	100	Deutsche Bank	9.500
City of Vienna‡	100	1992	10	9½	100	Bayerische Vereinsbank	9.500
SWISS FRANCS							
NTN Toyo Bearing**§‡	50	1987	—	6⅜	100	SBC	6.375
NYK Line‡	100	1992	—	6¾	99½	CS	6.820
Keihin Co.**§‡	20	1987	—	6⅜	100	Banca del Gottardo	6.375
Hydro-Quebec‡	100	1992	—	6⅝	100	SBC	6.625
Kubota**‡	40	1987	—	7⅜	100	SBC	7.375
Kubota**‡	20	1988	—	7½	100	SBC	7.500
ECUs							
Credit Foncier de France	40	1989	7	13½	*	Banque Indosuez, Kredietbank Intnl.	*
YEN							
Finland‡	20bn	1992	10	8.5	99.35	Nomura Secs.	8.600

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ◎ Minimum. § Convertible. Note: Yields are calculated on AIBD basis.

U.S. BONDS

Wall Street braced for Mr Volcker's new guidelines

A STRONG SENSE of anticipation should pervade Wall Street when it gets back to work today.

In the closing hours of trading last week a combination of good money supply figures (relatively speaking) and speculation about a more lenient posture at the Federal Reserve pushed interest rates down, creating a brighter outlook.

The markets are also eagerly awaiting tomorrow's appearance before a Congressional committee of Mr Paul Volcker, the Fed chairman, to testify on monetary policy at what is obviously an important juncture.

The Fed's position could do with a bit of clarification because the market has probably advanced as far as they can now without some overt

U.S. INTEREST RATES (%)	Week to July 16	Week to July 9
Fed. Funds wkly av.	13.01	13.75
3-month Treas. bills...	11.60	11.40
3-month cd.	14.26	14.40
30-year Treas. bonds...	13.52	13.64
AAA utility	15.75	15.75
AA industrial	15.25	15.38

Source: Salomon Bros. (estimates). In the week to July 7 M-1 rose $5.8bn to $451.3bn.

signal from the Fed that a further dip in interest rates is in order. The Fed continued to supply the system with reserves on a generous scale last week in what many people took as a sign of an easier monetary stance. But the markets were not wholly convinced. The Fed's actions could just as easily have been designed to meet seasonal needs and soothe the markets in the wake of the Penn Square bank failure, whose repercussions were still jangling.

On Friday, the Fed did a particularly aggressive round of repurchases which helped push the Fed funds rate down close to 12 per cent, the lowest it has been for a long time. When the money supply report later in the day showed a much smaller jump in M1 than the market had been expecting ($5.8bn compared to "July bulge" fears of as much as $12bn), bond prices added to their gains. M1 is still within its target range, although only just.

Most speculation centred on a cut in the Fed's discount rate which has stood now at 12 per cent since the end of last year. With the Fed funds rate at 12½ per cent, the traditional "spread" between the two rates has dwindled to almost nothing (it has been as wide as 5 per cent). For technical reasons alone, the Fed would have to cut the discount rate to give the banks an incentive to come to its discount window. Politically, some analysts speculated that the Fed might want to cut its rate to "set Paul up nicely for Congress" as one of them said. As it is, Mr Volcker is likely to get a roasting when he appears tomorrow because of the persistence of high interest rates. But cutting the discount rate is precisely the kind of highly visible signal the Fed may not yet be prepared to give for fear of creating the wrong impression.

Apart from providing a useful insight into the Fed's reading of the current U.S. economic picture, Mr Volcker's testimony will lay out the Fed's money supply growth targets for the rest of this year, and tentative ones for next year as well. The consensus on Wall Street is against anything dramatic. But Mr Volcker may raise the M1 growth targets a bit to accommodate savers' growing preference for keeping spare cash in bank savings accounts (which fall into M1) as they usually do in a recession.

Also bullish for the market is mounting evidence that the U.S. economy is not, after all, pulling out of recession. The latest retail sales and industrial production figures out last week were down, having shown gains earlier this year.

The better tone in the markets brought out a few borrowers last week, though the pace of new issues continues at a very subdued rate. General Motors Acceptance Corp sold $200m of one-year notes which can be extended by holders for up to eight years with yields adjusted yearly. The starting yield was 14⅞ per cent.

Major issuers down for this week — again with extendable notes — include Caterpillar Tractor and Dupont, which has $1bn "on the shelf" to restructure the huge debt it incurred buying Conoco last year.

David Lascelles

Chrysler expected to unroll second-quarter surplus

BY DAN McCOSH IN DETROIT

CHRYSLER is expected to announce today that it made a profit in the second quarter of this year, for only the second time since it hit a financial crisis four years ago. But welcome though a spot of black ink may be, it is hardening auto union attitudes towards the company.

Mr Douglas Fraser, president of United Auto Workers, has said that Chrysler cannot expect the same wage concessions that were granted to Ford and General Motors when bargaining on a new three-year wage contract covering 54,000 Chrysler employees begins tomorrow.

Mr Fraser's stance was not unexpected, despite a series of agreements that have rolled back certain wages and benefits in industries where labour is represented by the UAW. Chrysler's returning financial strength and earlier pay concessions granted the company when it applied for government assistance on the verge of bankruptcy, were cited by the union president as reasons for the union seeking gains in wages and benefits now.

"It would only take a slight improvement in the economy for Chrysler to be profitable for the entire year," said Mr Fraser, who sits on Chrysler's board of directors.

Chrysler's agreement with the UAW expires on September 14. It is the only U.S. motor company still negotiating a labour agreement. Earlier this year, the UAW reopened contracts at GM and Ford reaching two-year agreements that exchanged concessions in benefits and anticipated wage increases for improvements in job security and layoff benefits.

Recently, employees at American Motors Corporation agreed to defer some 10 per cent of contracted wages in exchange for an interest-bearing loan to finance new products.

Chrysler's separate negotiation is a break with past practice in the U.S. motor industry, since the three largest companies normally conduct simultaneous contract negotiations every three years, with the UAW setting a so-called "pattern agreement."

Labour costs at Chrysler already are conceded to be lower than at GM or Ford. Earlier concessions which included a pay freeze and deferred payments to the union pension fund have been granted giving Chrysler an advantage in labour costs of as much as $500 per car.

That, coupled with the company's apparent financial recovery underlies Mr Fraser's demand for Chrysler to come closer to parity with GM and Ford.

Chrysler opens talks with the union after pulling back from the edge of bankruptcy — a corporate turnaround achieved by dramatically reducing the size of its operation, getting agreements from banks to cancel debt, and the support of the federal government in the form of $1.2bn in government-backed loans.

It declared a first-quarter profit of $149.8m, but that resulted from the $239m gained from the sale of Chrysler Defence to General Dynamics Corp. However Harold K. Sperlich, president of Chrysler's North American Automotive Operations, predicts an operating profit for the entire year of more than $100m.

In achieving its turnaround, Chrysler has closed 20 plants out of 53 and reduced fixed costs by around $2bn over the past three years. It reduced its workforce from about 100,000 in 1977 to 50,000 working today (about 34,000 are currently laid off).

Kaiser Cement profits reverse

BY TERRY BYLAND IN NEW YORK

KAISER CEMENT, the seventh largest U.S. cement producer—whose profits have been falling for the past two years, reports a further sharp setback to earnings for the second quarter of 1982.

Net profits have tumbled by almost half to $2.99m, or 38 cents a share, and would have been even lower but for a $497,000 credit arising from a change in interest cost accounting. The 1981 second quarter produced $5.78m of net profit, or 77 cents a share.

Shipments of cement in the quarter tumbled by 5 per cent for a drop of 13 per cent for the six months. Mr W. Ousterman, the chairman, described the deterioration in demand as unprecedented and said that volume would probably show a decline for 1982 as a whole.

For the six months, net earnings emerge at $9.15m, against $9.14m. But the half-year outcome is heavily influenced by disposal credits, including $4.7m from the sale in January of an interest in the Kaiser Centre office complex in Oakland, California.

Including credits, six month profits per share stood at $1.19. In 1981 the annual return was $2.89 a share, compared to $5.54 two years earlier. Hong Kong interests control almost 10 per cent of the company.

Mr Ousterman said that average manufacturing costs per tonne had been held to 1981 levels, despite a sharp rise in the cost of electric power. This reflected Kaiser's programme of plant modernisation, and conversion to coal burning.

Karstadt sees recovery

By Our Financial Staff

KARSTADT, West Germany's largest retailer, reports improved profitability over the first six months of 1982.

Sales have fallen, the annual meeting was told, but costs were being reduced and the sale of the loss-making property subsidiary, Neckermann Eigenheim, was helping to restore profit margins.

Karstadt said, however, that the continuing decline in consumer activity had caused the department store group's sales to slip by 10.5 per cent in the half-year.

Irish link for Paribas

BY BRENDAN KEENAN IN DUBLIN

IRISH industrial group, Smurfit, is to join forces with Compagnie Financiere de Paris et des Pays-Bas (Paribas), to establish a merchant bank in Dublin in November. Smurfit has been waiting almost a year for a banking licence from the Irish central bank.

The Bank of Ireland has been keeping a close eye on the Irish merchant banking scene, especially since the liquidation of Merchant Banking, which was a subsidiary of the Gallagher group now in receivership.

Under the terms of the licence, the voting rights will be split equally between Smurfit and Paribas, although Smurfit will hold 60 per cent of the shares and be entitled to 60 per cent of profits and dividends.

The new bank will concentrate on corporate finance, leasing and export finance and will not be involved in retail banking. It will have paid up capital of £2m ($1.45m).

Several major international banks are represented in Dublin and the merchant banking sector was highly profitable during most of the 1970s. However, most of the other foreign banks operate in their own right or in partnership with existing Irish banks.

INTERNATIONAL APPOINTMENTS

Top posts at Dow Chemical

● DOW CHEMICAL COMPANY has elected Mr Robert W. Lundeen as chairman. He succeeds Mr Earle B. Barnes who retired. Mr Lundeen has been executive vice-president since 1978. Mr William N. Lipscombe Jr has been elected a director and Mr H. W. Henry a vice-president.

Mr Robert L. Dostal, director of DOW CHEMICAL U.S.A., health and environmental sciences, has been appointed general manager of the western division, from August 1. He succeeds Mr Paul M. Pankratz who has been named vice-president and director operations for Dow Chemical U.S.A. in Midland.

● Mr Sam Y. Cross, Mr Ronald B. Gray and Mr Peter D. Sternlight have been promoted to executive vice presidents of the FEDERAL RESERVE BANK OF NEW YORK. All had been senior vice presidents. Mr Cross also has been manager for foreign operations, and Mr Sternlight manager for domestic operations of the Federal Reserve System's open market account. They continue in these positions. Mr Gray continues in charge of the bank supervision area.

● Mr J. E. (Jess) McCollum has been named president of SCHRODER ENERGY ASSOCIATES, INC., a subsidiary of Schroder Incorporated formed recently to provide investment and financial advisory services to oil and gas industry investors and operators. Mr McCollum was president of Tatham Corporation and its wholly-owned subsidiary, Tatham Oil and Gas, Inc. Mr McCollum serves as a director of the Independent Producers Association of America.

● Mr J. A. Lynott, executive vice president and chief financial officer, has been elected to the additional position of chief administrative officer for McDERMOTT INC. Mr Lynott, who joined McDermott in 1973, has served as treasurer, vice president of finance, and chief financial officer. He assumes the responsibilities of Mr H. W. Bailey, who retires.

Following the combination of the corporate financial and administrative functions, Mr E. A. Rohidoux, vice president and controller, will be responsible for treasury, employee benefit funds, and managment information services. Mr R. E. Woolbert, vice president employee relations, will have responsibility for Government operations, public affairs and employee relations. Mr John D. Dupy, who has served as vice president, public affairs, has retired.

● Mrs Dede Thompson Bartlett has been elected corporate secretary of MOBIL CORPORATION, MOBIL OIL CORPORATION and affliated companies. She was alected assistant secretary in 1980 and was appointed manager of the secretary's department in January.

● Mr Orville L. Freeman, former U.S. Secretary of Agriculture under the Kennedy and Johnson administrations has agreed to serve as chairman of the SIME-DARBY INTERNATIONAL PLANT RESEARCH INSTITUTE joint venture company. The new joint venture company will develop, design, and in some cases manage and market products of agro-industrial projects in the five Asean countries.

● Mr Michael Schneider-Maunoury has become chairman of TEXASGULF INC. on the retirement of Mr Richard D. Mollison. Mr Mollison, who had been chairman and chief executive officer since February, 1981, will remain a director. Dr Ginn P. Giusti, president and chief operating officer, has been elected chief executiva officer. Mr Schneider-Maunoury, is a senior vice-president of Societe Nationale Elf Aquitaine, the parent company of Texasgulf, and also chairman of the hoard and chief executive officer of Elf Aquitaine Inc.

● HOOVER COMPANY'S president and chief executive officer, Mr Fred L. Tabacchi, will retire on August 31. Mr Merle R. Rawson will replace Mr Tabacchi as president, while retaining his post as board chairman. Mr Joseph R. Cutinella and Mr Robert J. Elsaesser have been appointed executive vice-presidents, jointly replacing Mr Tabacchi as chief executive officer. Mr Cutinella and Mr Elsaesser are both senior vice-presidents.

● LANDMARK OIL AND GAS, Denver, has elected Mr D. Lex Dolton as president to succeed Mr Robert Olmsted, who resigned. Mr Dolton was president of Concord Royalty Co, Reuters say no further details were given.

● The U.S. Bankruptcy Court has approved ITEL CORP.'s change in management and confirmed Mr Herbert Kunzel as chairman, chief executive and president. He succeeds Mr James H. Maloon who will continue as an adviser and consultant to Itel, which has been operating under chapter 11 of the bankruptcy code since January 1981.

● Mr J. Paul Lyet, former chairman and chief executive officer of Sperry Corp., has been elected to the board of RUSSELL REYNOLDS ASSOCIATES, INC., an international executive recruiting firm.

● CONSORTIUM COMMUNICATIONS INTERNATIONAL INC. has named Mr Maurice R. Valente, former president and chief operating officer of RCA, as chairman and chief executive officer, and Mr Yaakov Elkon, a former executive of IBM, as president and chief operating officer.

● CALEDONIAN HOTEL MANAGEMENT, with headquarters in Palma de Mallorca, has appointed Mr Christopher Rouse as vice-president legal services.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97 ...	150	103	103½	+0⅛	+1⅛	13.77
Amax Int. Fin. 16¼ 92	75	97½	89	+0½	0	16.68
Amax O/S Fin. 14¼ 89	75	94⅞	95¼	+0⅛	+0⅛	15.41
ATT 14⅞ 89	400	103½	104	+0⅞	+1	13.32
Baker Int. Fin. 0.0 92	225	25⅞	26⅜	0	−0⅞	14.99
BHP Finance 14¾ 89 ...	150	95⅜	95⅞	+0⅛	+0⅞	15.20
Bk. Amer. NT SA 12 87	200	90⅝	91⅛	+0¼	+0½	14.76
Bk. Montreal 14½ 87 ...	100	94	94½	+0⅛	−0⅛	16.26
Bque. Indo Suez 15 89	100	96¼	96¾	+0¼	+0⅜	15.84
British Col. Hyd. 14¾ 89	200	97⅝	98⅛	+0¼	+0⅞	15.23
Burroughs Int. 15⅝ 88	50	100⅞	100⅞	+0⅛	+0⅛	15.51
Canada 14⅜ 87	750	97⅞	98⅜	+0¼	+0⅛	14.92
Canadair 15½ 87	150	100⅛	100⅝	+0¼	+0¾	15.30
Canadian Pac. 14⅜ 92	75	94⅜	94⅞	+0⅞	+0⅞	15.71
Carolina Power 16½ 89	60	101⅝	102⅛	+0¼	+0⅜	15.94
CIBC 16 87	100	97½	98	−0⅛	−1⅞	16.64
Citicorp O/S 15 84/92	100	99⅝	100⅛	+0⅞	−0⅞	14.87
Citicorp O/S 16½ 85/97	125	100	100½	0	0	15.25
CNA 15⅞ 97	75	96⅞	97⅜	+0⅛	+0⅞	16.35
Con. Illinois 15¾ 89 ...	100	97⅜	98⅛	0	−0⅞	16.23
Duke Pwr. O/S 15½ 89	60	96⅜	96⅞	+0⅛	+1⅛	15.37
Dupont O/S Cas. 0.0 90	300	34⅞	35⅜	+0⅛	+0¼	14.82
ECSC 14¾ 87 (April) ...	80	97½	98	+0¼	+0¾	15.39
EIB 15⅛ 89	150	99	99½	+0¼	+0¼	16.63
Eksportfinans 14½ 89 ...	50	96⅞	97⅜	+0⅛	+0⅞	15.20
Gen. Elec. Credit 0.0 92	400	27⅜	28⅜	−0⅛	0	14.25
Gen. Elec. Credit 0.0 93	400	23¾	24¼	0	−0¼	14.43
Getty Oil Int. 14 89 ...	125	98	98½	+0⅛	+0⅞	14.38
GMAC O/S Fin. 15 89	150	101½	102	+0¼	+0¼	15.43
GMAC O/S 15⅛ 85/97	100	98¾	99¼	+0⅞	−0⅛	15.62
GMAC O/S Fin. 15 89	125	97¾	98¼	+0⅛	+1⅛	15.46
GMAC O/S Fin. 15 87	100	99⅝	100⅛	+0¼	+0⅞	14.99
Gulf Canada Ltd 14¼ 92	100	96⅛	96⅝	+0⅛	+1⅛	15.42
Gulf Oil 14½ 94	175	88	98½	+0⅞	+0⅞	14.53
Gulf Oil Fin. 0.0 92 ...	300	27⅛	27⅝	+0⅛	+0⅞	14.40
Gulf States O/S 18 90	50	194⅞	95⅜	0	−0⅛	17.16
Int-Am. Dv. Bk. 15⅞ 87	55	97⅜	98⅛	0	+0⅛	15.66
Japan Dev. Bk. 15½ 87	50	102⅛	102⅝	+0⅛	+0⅛	14.67
New Brunswick 16⅛ 89	75	101⅞	102⅜	+0⅛	+1⅛	15.64
Ontario Hydro 14¾ 89...	150	98½	98⅝	+0¼	+1	15.11
Pac. Gas & El. 15½ 89	45	101⅞	101¾	+0¼	+1	15.07
Phillips Petrol 14 89 ...	200	96⅜	96⅜	+0⅞	+1⅛	14.81
R. J. Rynlds. O/S 0.0 92	400	26⅞	27⅛	0	0	14.57
Saskatchewan 16 89 ...	125	101⅞	102⅛	+0⅛	+0¼	15.43
Shell Canada 14⅜ 92 ...	125	95⅜	96⅛	+0¼	+0⅛	15.12
Spain 15⅛ 87	100	98⅜	99⅛	+0⅛	−0⅛	16.03
Superior O/S Fin. 14 89	125	94⅞	95⅜	0	+1⅛	15.16
Swed. Exp. Cr. 15¼ 89	100	98⅛	98⅝	+0¼	+0¼	15.60
Swed. Exp. Cr. 14¾ 90	100	94⅞	94⅝	+0¼	+0⅞	16.03
Swed. Exp. Cr. 0.0 94	200	19⅜	19⅞	+0⅛	−0⅛	16.00
Texas Eastern 15¾ 89...	60	100⅜	100⅞	0	−0⅛	16.60
Union Carbide 14½ 89	150	98	98½	+0½	+1⅛	14.89
Wells Fargo I. F. 15 87	75	98⅛	98⅜	−0⅛	+0½	15.40
World Bank 14⅞ 87 ...	500	96⅞	96⅞	0	+0½	15.28
World Bank 15⅛ 89 ...	250	99⅝	100⅛	+0¼	+1⅛	15.21

Average price changes... On day +0¼ on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8¾ 92	150	98¾	99¼	+0⅛	−0½	8.48
Australia 8¾ 81	200	103⅜	103⅞	0	+0⅛	8.76
Austria 8⅞ 92	100	94⅞	95⅜	−0⅛	−0¼	8.16
Barclays O/S In. 8⅞ 94	100	95¼	95¾	0	0	8.00
Bowater Int. Fin. 8½ 89	50	95⅜	96⅛	−0⅛	0	9.38
Canada 8½ 89	200	101⅞	102⅜	0	+0⅛	5.05
Comp. Tel. Esp. 10¼ 92	100	100½	101	0	0	10.35
Cred. Foncier 8¾ 92 ...	100	96	96½	+0⅛	0	9.34
Denmark 10⅛ 92	100	102⅛	102⅞	+0⅛	−0⅛	8.70
EDF 9⅞ 92	100	100⅜	100⅝	−0⅛	−0¼	8.80
EIB 8¾ 92	100	94⅞	95⅜	−0⅛	−0⅛	9.18
EIB 8½ 92	100	97	97½	−0⅛	−0⅛	9.43
Nacnl. Financiera 11 90	150	97	97½	+0⅛	+0⅛	11.52
Norsk Hydro 9½ 92	100	98	98½	0	0	8.77
Philips Lamps 8½ 92 ...	100	98⅞	98⅜	0	+0⅛	5.75
Philip Morris 8¼ 90 ...	100	99⅝	100⅛	0	−0⅛	8.26
Quebec 10¼ 92	150	107⅛	102⅞	−0⅛	−0⅛	9.99
Renfe 10 92	100	99⅞	100⅜	−0⅛	−0⅛	10.01
SNCF 8⅞ 92	100	95⅜	96⅛	−0⅛	−0⅛	9.75
Tauernautobahn 9⅞ 94	50	102	102½	0	+0⅛	9.53
Tenneco Int. 9 92	100	97⅞	98⅜	0	+0⅛	9.79
World Bank 9½ 89	100	100⅜	101⅛	+0⅛	+0¼	9.23
World Bank 8½ 92	200	95⅞	95⅞	+0⅛	+0⅛	9.21

Average price changes On day 0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¾ 92	100	101	101½	+0⅛	+0⅛	5.09
Asian Dev. Bank 7 92...	100	101⅞	102⅜	+0⅛	+0¼	6.71
Aucalsa 7¾ 92	80	98½	99⅜	+0⅛	+1½	7.95
Australia 6½ 94	100	104⅜	105	+0⅛	+0⅛	5.91
BNP 8⅛ 92	100	97⅜	97⅞	+0⅞	+0⅞	7.11
Cse. Nat. l'Energie 7 92	100	100⅞	101⅜	+0⅛	+0⅛	8.85
CFE-Mexico 8¾ 92	90	196½	97	−0⅛	−0¼	9.75
Co-op. Denmark 8⅛ 92	25	105⅛	105⅝	0	+0½	7.56
Crown Zellerbach 6¾ 92	100	99⅝	100	+0⅞	+0⅞	6.76
Europarat 7¼ 92	100	100⅜	101⅛	+0½	+1	7.10
Ind. Fund Finland 6¾ 92	30	98⅜	98⅞	−0⅛	−0¼	8.98
Japan Dev. Bank 9 94...	100	100⅛	100⅝	+0⅛	+1⅛	6.92
Kobe City 6¾ 92	100	100⅝	100⅞	+0¼	+0¼	8.02
Kommunlane 7¼ 92	35	101⅛	101⅝	−0¼	+1⅛	7.06
Lonrho Int. Fin. 7½ 92	80	95⅛	95⅝	+0¼	+0⅛	8.21
Mitsui OSK 6½ 92	100	100⅞	100⅜	+0⅞	+0⅞	8.46
Nafinsa 8⅞ 92	80	93⅞	94⅛	−0⅞	−0⅞	5.16
New Zealand 8 92	100	101⅞	101⅜	+0⅛	+1⅛	8.78
Philip Morris 6⅞ 92 ...	100	104½	104⅝	+0⅛	+1⅛	6.00
Philip Morris 6¼ 94 ...	100	101⅜	101⅞	+0⅛	+0¼	6.04
Renfe 7¾ 92	80	97¼	97¾	+0⅛	+0⅛	8.14
Sekisui Pre. 6¾ 92 WW	70	104⅛	104½	+0¼	+0⅞	6.18
Soc. Lux. de Cnt. 8¼ 92	80	1105⅛	105⅝	+0⅛	0	7.18
Svenska Handels. 6⅞ 92	100	97⅞	98⅛	−0½	−0⅛	7.03
Tiroler Wasser 6⅞ 92	100	97⅞	98⅜	+0½	+1½	6.53
Vorarlberg Kraft 6⅞ 92	50	102½	103	0	±0⅛	6.38

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¼ 92	15	97⅛	97⅝	−0⅛	0	8.63
Int.-Amer. Dev. 8⅞ 91	15	100⅝	101⅛	0	−0⅛	8.66
Japan Airlines 7⅞ 87	9	94⅞	95⅜	−0⅛	−0⅛	9.16
New Zealand 8⅛ 92	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8⅛ 92	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week 0

OTHER STRAIGHTS, FLOATING RATE NOTES and CONVERTIBLE BONDS: [illegible]

EUROBOND TURNOVER (nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	5,210.1	8,705.4
Previous week	5,576.7	9,396.8
Other bonds		
Last week	1,216.8	767.9
Previous week	726.4	692.5

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Dillon Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on July 16

هكذا من الأصل

multitone electronics plc

(Registered in England under the Companies Act 1929–No. 256314)

Offer for Sale by Tender

by

Arbuthnot Latham & Co., Limited

of 3,675,000 Ordinary Shares of 25p each at a minimum price of 120p per share the price tendered being payable in full on application

The shares now offered for sale rank in full for all dividends hereafter declared or paid on the Ordinary Shares of the Company.

SHARE CAPITAL

Authorised		Issued or now being issued fully paid
£5,000,000	in Ordinary Shares of 25p each	£3,750,000

INDEBTEDNESS

At the close of business on 30th June, 1982 the Group had outstanding (a) secured borrowings comprising an overdraft of £290,340, (b) unsecured borrowings comprising bank overdrafts, advances and acceptance credits of £1,157,085 and (c) hire purchase commitments of £99,100. The Group had at that date cash balances at bank of £320,534. Save as aforesaid, and apart from inter-company transactions and guarantees, the Group did not have at that date any loan capital, including term loans, outstanding or created but unissued, or any mortgages, charges, or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills), or acceptance credits, hire purchase commitments or, except in the ordinary course of business, guarantees or other material contingent liabilities.

DIRECTORS

Alexander Poliakoff, O.B.E. *(President)*
Ian Herman Karten, B.Sc. (Eng.) *(Chairman and Chief Executive)*
John Michael Spiers, M.A. (Cantab.) *(Group Managing Director)*
William Charles Croft
Richard Beverley Marshall, B.Sc.
Doris Schuler, F.B.I.M.
Peter Tanner
Jonathan Hartley Wickstead, F.C.A.
all of 12 Underwood Street, London N1 7JT

Secretary and Registered Office
Doris Schuler, F.B.I.M.
12 Underwood Street, London N1 7JT

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Stockbrokers
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Winchester House, 100 Old Broad Street,
London EC2P 2HX

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Saddlers' Hall, Gutter Lane, London EC2V 6BS

Solicitors to the Issue
Norton, Rose, Botterell & Roche,
Kempson House, Camomile Street, London EC3A 7AN

Principal Bankers
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21 Lombard Street, London EC3P 3AR
and
Barclays Bank PLC,
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National Westminster Bank PLC,
Registrars Department, P.O. Box 82,
37 Broad Street, Bristol BS99 7NH

SUMMARY OF INFORMATION

The information set out below should be read in conjunction with the full text of the Offer for Sale

Activities

Multitone designs and manufactures specialised communication systems and is one of the leading suppliers of radio paging systems in the world. It manufactures in the United Kingdom, Malaysia and Canada; employs over 800 people; and has marketing companies in the United Kingdom, Canada, United States, France and West Germany, as well as distributors in 60 other countries.

Issued share capital

On completion of this Offer for Sale the issued share capital will be £3,750,000 in 15,000,000 Ordinary Shares of 25p each.

Shares now offered for sale

A total of 3,675,000 Ordinary Shares of 25p each (24.5 per cent of the enlarged issued share capital) is being offered for sale, made up of 1,875,000 Ordinary Shares from existing shareholders and 1,800,000 new Ordinary Shares to be issued by the Company.

Net tangible assets

Net tangible assets adjusted for the net proceeds of the issue of 1,800,000 new Ordinary Shares at the minimum tender price	£8,938,000
Net tangible assets per share on 15,000,000 shares	59.6p

Trading record

Year ended 31st March*

	1978	1979	1980	1981	1982
Turnover (£'000)	9,857	9,663	12,590	14,096	16,546
Profit before tax (£'000)	748	874	1,260	1,400	1,748

*52 week periods to the Saturday before 31st March.

Earnings per share

Adjusted earnings per share (Note (i)):	
(a) on an actual tax charge	11.8p
(b) on a notional 52 per cent tax charge	6.3p

Offer for Sale statistics (based on minimum tender price)

Minimum tender price per share	120p
Market capitalisation	£18 million
Price earnings ratios (Note (ii)):	
(a) on adjusted earnings per share on an actual tax charge	10.2
(b) on adjusted earnings per share on a notional 52 per cent tax charge	19.1
Indicated gross dividend yield (Note (iii))	3.0 per cent

Notes:

(i) Adjusted earnings are based on the profit before tax for the year ended 31st March, 1982, adjusted to include notional interest for a full year at a rate of 12 per cent per annum on the net proceeds of the issue of new shares at the minimum tender price, less:
in (a) above, the actual tax charge on the profit for the year and tax at 52 per cent on the notional interest; and
in (b) above, tax at 52 per cent on both the profit for the year and the notional interest.
Earnings per share in both cases are calculated on the 15,000,000 shares in issue following this Offer for Sale.

(ii) Price earnings ratios are calculated on the minimum tender price per share and adjusted earnings per share on the alternative bases set out in Note (i).

(iii) Indicated gross dividend yield is based on the minimum tender price per share and the indicated net dividends for the year ending 31st March, 1983 of 2.52p per share, together with the associated tax credit.

The following information has been provided by the Directors for the purpose of this Offer for Sale:—

Introduction

Multitone designs and manufactures specialised communication systems, which it markets worldwide. Multitone pioneered the development of pocket paging systems in 1955 and is one of the world's leaders in this field. It has supplied on-site radio paging systems to a broad range of industrial and commercial customers as well as hospitals, in more than 100 countries.

In the early 1970's Multitone was one of the first companies to enter the field of wide-area paging systems, which can cover complete cities or whole countries. In this rapidly growing market Multitone's customers in the United Kingdom and overseas include fire brigades, military establishments and public paging system operators such as British Telecom.

Multitone has recently added to its product range a digital direct speech intercom system, the ICS 100, which can transmit data as well as speech.

The Group now employs over 800 people, of whom more than 80 are engaged on product development. Three hundred staff are employed to sell, instal and maintain systems and to provide technical support. Of these, 200 are employed in overseas marketing subsidiaries in France, Germany, Canada and the U.S.A. and 100 cover the United Kingdom and the remainder of the world.

Group turnover has grown uninterruptedly from £1.45 million in 1967-68 to over £16.5 million in 1981-82. Nearly 60 per cent of 1981-82 turnover was direct exports or sales by overseas subsidiaries.

History

Multitone was founded in 1931. For its first 25 years, except during the war, it was engaged mainly in the design and manufacture of hearing aids. At the end of this period Multitone employed about 250 people at the present head office site in Underwood Street, London and had already achieved a high reputation for product quality and technical innovation.

The year 1955 was a milestone in Multitone's history. In that year St Thomas' Hospital in London commissioned Multitone to design and manufacture a hospital paging system employing an entirely novel concept. The traditional buzzers and loudspeakers were to be replaced by personal pocket receivers, which could be alerted individually. This system, installed in 1956, used compact receivers and provided both coded calls and speech, so that for the first time doctors anywhere in a hospital could be called instantly and unobtrusively.

The system was so successful that Multitone decided to invest in the development of a broad range of paging products to be marketed worldwide to industrial and commercial organisations as well as to hospitals. Since making that decision Multitone has continuously expanded its paging product range, its geographical coverage and its systems applications. In addition to the United Kingdom sales and service organisation, wholly-owned marketing subsidiaries were established in Germany and Canada in 1956, in the U.S.A. in 1968 and in France in 1972. Specialist distributors, trained and supported by a London-based export team, were appointed in other developed countries. By 1967 the demand for Multitone's paging systems had grown to such an extent that the hearing aid business was sold, in order that Multitone could concentrate its resources on paging.

In the early 1970's Multitone was able to enter important new markets. This was the result of improvements in the performance of radio paging receivers, allowing systems to cover very wide areas, and the allocation by licensing authorities of radio frequencies for public paging systems. In 1972 Multitone introduced a personal alerting system for firemen; firemen's call-out systems have subsequently been sold to many brigades in the United Kingdom and elsewhere. In 1975 Multitone's development of the first successful digital paging receiver resulted in a contract from Bell Canada for 10,000 receivers to be used in a public paging system covering Quebec and Ontario. In 1975 the Post Office, now British Telecom, placed the first of several large contracts with Multitone for such receivers for use in its London Radiopaging Service. This service has subsequently been expanded to cover almost the whole of the United Kingdom.

Towards the end of 1981 Multitone significantly widened its product range by commencing to market, alongside its paging systems, the microprocessor-based ICS 100 intercom system.

Business

The business of Multitone is the design, marketing and installation of radio paging and internal communication systems in the United Kingdom and overseas. Most of the equipment sold by Multitone is developed and manufactured by the Group.

Systems are designed both to provide instant communications for emergency use and to save customers' time and money by improving their organisations' effectiveness. Multitone also provides maintenance facilities, equipment for short term hire, spare parts and batteries. Such customer services represent an important activity in their own right and have grown with the increase in volume of Multitone equipment in use. Customer services represented 28 per cent of turnover in the year ended 31st March, 1982.

Multitone systems are configured to the needs of individual customers, mainly from standard products manufactured by the Group. Both the Group and its customers therefore benefit from economies of scale in purchasing and manufacturing. The few bought-in products are generally manufactured to Multitone's specifications for sale under the Multitone label.

Multitone attributes its success to long experience in the design of reliable and cost-effective miniaturised pocket communication equipment; a "systems approach" to product development; continuing direct contact with customers worldwide, providing awareness of their changing requirements; and emphasis on the provision of rapid and effective maintenance.

Paging system applications and operation

A radio paging system provides the means for selectively paging and communicating with personnel on the move. Coded radio signals are broadcast by transmitters to pocket receivers. Each radio signal generally activates a single receiver to alert the user that he should take one of several possible actions. An alerting call may be accompanied by the display of a numeric message or be followed by a speech message.

Radio paging systems use one of two techniques for the transmission of calls. These are "analogue" and "digital", the latter taking advantage of the latest microprocessor and integrated circuit technologies.

Analogue Paging

Multitone analogue paging systems can selectively call varying numbers of receivers, up to a maximum of 870, and typically require a minimum of five seconds of air time per call. Speech messages require additional air time corresponding to the length of the message.

Digital Paging

Until the 1970's all paging systems were analogue, but in 1973 Multitone became the first company in the world to introduce a successful digital paging system. This provided four calls per second and a capacity of up to 100,000 receivers on a single radio channel and met the particular requirements of many large scale operators of public wide-area paging systems, as well as providing new benefits for on-site use.

Multitone quickly took advantage of the fact that digital techniques made it practicable, for the first time, to provide immediate communication by a numeric display on a paging receiver. With analogue systems, the person paged usually has to await a speech message or to contact the system operator for instructions. With digital "read-out" paging, a numeric message is clearly displayed on the receiver to indicate, for example, the number of a telephone extension or room where the paged person is required.

Digital paging is extremely efficient in its use of radio frequencies. Systems can be designed so that up to two million users can share a single frequency. No other form of personal radio communication is comparable in this respect.

In operational, as distinct from technical, terms radio paging systems can be categorised into "on-site" and "wide-area". These terms describe the nature and size of the geographical area to be covered by a system.

On-site paging systems

These systems form an important link in a communications chain where key personnel need to be contacted urgently wherever they are on a site. Such systems are used in offices, factories, shops, hotels and hospitals and on dispersed sites, including electricity generating plants, oil refineries, airports and university campuses.

Distinctive radio paging call codes can instantly convey a message that a particular pre-determined course of action is to be taken. In offices, radio paging makes executives readily accessible, saves the cost of return telephone calls, makes efficient use of staff and greatly improves customer relations. On industrial sites, engineers and service mechanics need to be available at short notice, while in shops and stores radio paging enables immediate contact to be made with security staff and executives. Paging control equipment can be provided with a number of optional facilities, including "absence registration" to notify a caller of a user's absence and "call transfer", which permits automatic re-routing of paging calls to deputies.

Multitone was the first company to introduce priority "group alert" paging to alert instantly in an emergency all the receivers carried by a medical team. A paging system can have facilities for alerting several teams, each of which can be called by a single initiating action. Other applications of group alert are to summon fire, security and maintenance teams.

On-site paging calls are originated from manual keyboards, telephones or direct line contacts (DLC). In its simplest application DLC enables, for example, a hotel night bell to call a night porter. In broader DLC applications, for process or machine monitoring, a fault condition automatically initiates a call to a receiver and can provide a read-out message indicating the origin and nature of the fault. One such application is the monitoring of the temperature of blood banks in hospitals; a technician is automatically alerted if the temperature fluctuates beyond certain narrowly defined limits.

Speech messages can be originated from keyboards and telephones. A "talk-back" facility allows a two-way conversation to be held between the caller and the person called. This is achieved by installing centrally a base radio receiver and aerial and combining a transmitter with the pocket receiver into a single compact radio paging "transceiver". In security applications, a message may be initiated by the transceiver user and transmitted to the central operator to request assistance. A "talk-through" facility enables users to converse with one another via the central base equipment.

Wide-area paging systems

These systems cover large areas, such as complete cities or whole countries, and are supplied to two principal types of operator, private and public.

Private system operators include fire brigades, military establishments and hospital consortia, which have acquired their paging systems for their own private use.

For public paging, an operator sets up a city-wide or nation-wide system to offer a service to the general public. An operator may provide a message centre, where callers can arrange for a paging call and message to be sent to a system subscriber. However, large systems usually incorporate a fully automatic paging terminal, which enables a caller to originate the paging call directly by dialling an appropriate telephone number within the public network. In some automatic systems the caller can also transmit a speech message.

Public paging system operators vary considerably in their nature, from private companies known as "Radio Common Carriers" to regional or national telephone companies such as British Telecom and Bell Canada. Charges vary from country to country; in the case of British Telecom they start as low as £9 per pager per month.

The components of a paging system

The principal components of a radio paging system are base transmitters, central controllers and a number of pocket receivers. Multitone supplies a large variety of each of these system components, which enables the Group to cover a broader range of applications than most of its competitors.

Multitone on-site paging systems generally sell for between £1,000 and £50,000, but prices for complex systems can range from £100,000 to over £250,000. Orders for wide-area equipment have varied from £250,000 to well over £2,500,000.

Transmitters

These transmit calls and messages to pocket receivers and are connected to a central controller by lines or radio links. Multitone manufactures high-volume low-power transmitters while higher power transmitters are generally purchased from the Quintron Corporation of Quincy, Illinois, a leading North American supplier.

Central controllers

Central controllers, which govern the operation of a system, vary from small integrated keyboard terminals to large rack mounted terminals accepting multiple inputs from keyboards, direct lines or telephones. Multitone manufactures five controllers which meet general needs and two others which have been designed to meet specialised requirements. Of these two, one is a controller for fire brigade systems manufactured as part of a recent million pound Home Office contract and the other is a specialised terminal supplied to fire brigades overseas. Multitone central controllers are generally microprocessor-based and, like telephone coupling units, which link paging controllers to internal telephone exchanges, are made by the Group.

multitone electronics plc

continued

Pocket receivers

Multitone receivers provide call only, call and speech, call and numeric read-out or a combination of call, read-out and speech. Most types can be combined with a miniaturised transmitter to provide two-way speech. Some receivers have a vibrator to alert the user instead of providing an audible tone. These have applications both where silence is required and in environments too noisy for a call to be heard. Other receivers have flashing lights to alert users and some are approved for use where hazardous gases are present. Selling prices of pocket units range from £100 to £450.

The Group manufactures all its paging receivers, both analogue and digital. Multitone has recently introduced a new "call only" digital receiver using the calling format originated by British Telecom in conjunction with the industry and which the International Consultative Radio Committee adopted this year as the first world standard for paging. Multitone already has substantial orders for these new receivers from United Kingdom and overseas customers.

Internal communication systems

The widespread need among commercial and industrial organisations for efficient radio paging systems is paralleled by a need for efficient internal direct speech communication systems. Such systems are compatible with on-site paging in terms of technology and customer base and can be marketed through Multitone's existing worldwide sales and service network.

In the light of these factors, Multitone decided in 1980 to add internal communication systems to its product range but not to carry out all the development work itself in order to avoid dilution of its efforts on paging products. The Multitone ICS 100 was therefore developed and is being manufactured on the Group's behalf and to its specification by a British company, Vandernoff Communications Limited. Multitone owns the design and worldwide marketing rights to the ICS 100.

Internal voice communication systems, which are complementary to telephone systems, usually provide hands-free direct loud speech, as well as a handset for private conversations. Most types of intercom system require a central exchange to which all instruments are wired. However, the ICS 100 system has "distributed intelligence" with a microprocessor inside each instrument and does not need a central exchange; this together with the signalling technique employed, allows a number of units plus a power supply to be connected inexpensively with coaxial cable. The system has a capacity of 100 stations and can transmit digital data as well as speech. As many as seven conversations or data transmissions can pass simultaneously along the coaxial cable by the use of a technique called "time division multiplex". Prices, including installation, vary between £1,000 for a system with 6 stations and about £20,000 for a system with a full complement of 100 stations. The Directors believe that the system is the most advanced internal communication system of its kind on the market.

Markets

Of Multitone's sales, nearly 60 per cent are made overseas through marketing subsidiaries in Canada, the United States, France and West Germany and through distributors in 60 other countries.

Turnover in the year ended 31st March, 1982 is analysed geographically below:

	£000
United Kingdom	6,723
North America	4,359
France & West Germany	3,141
Other European	1,293
Rest of the world	1,025
	16,546

Sales by Multitone marketing subsidiaries are made mainly through their own sales staff, but the subsidiaries' market penetration is enhanced by sales through national distributors, such as Grundig in West Germany and Plessey and Telephone Rentals in the United Kingdom.

Multitone supplies a wide range of customers directly at home and overseas. These include many of the world's largest hospitals and also hotels, shops, stores, offices, factories, chemical plants, airports and fire brigades. Among individual customers are the Home Office, the Ministry of Defence and the American Stock Exchange, as well as public carriers such as Bell Canada and British Telecom and Radio Common Carriers in Hong Kong and the U.S.A. Multitone wide-area paging was used by the organisers of the last three Olympic Games, in Munich, Montreal and Moscow. An order has recently been received for a wide-area system from Lloyd's of London.

In any one year Multitone supplies equipment and services to several thousand customers. Many of these are new customers, but a high proportion of sales is to existing customers, who may expand or replace systems already in operation, instal additional systems or require maintenance or other services. Although competition is strong in most markets, Multitone has no single competitor with the same breadth of paging products and geographical coverage.

The ICS 100 system has had an encouraging reception. Prospective distributors and customers have been attracted by the new benefits provided by the system and by the absence of a central exchange, which together with the low cost of installation makes small systems particularly competitive. Distributors appointed to cover major markets include Dial Telecomunicazioni Spa. in Italy and Standard Telephones and Cables (Pty) Limited in Australia. These two distributors have already placed orders for nearly 200 systems. Deliveries of the ICS 100 started towards the end of 1981 and the results obtained to date indicate that it will make a worthwhile contribution to Group sales.

In the year ended 31st March, 1982 the largest customer was British Telecom but no one customer accounted for more than 7.5 per cent of Multitone's turnover.

Manufacture and quality assurance

Multitone has its principal factory in Marham, Norfolk, in addition to a factory in Malacca, Malaysia and a limited manufacturing facility in Ottawa, Canada. Products incorporate ranges of readily available standard components, as well as to custom-designed integrated circuits, plastic mouldings and printed circuit boards made by subcontractors to Multitone's own strictly controlled specifications. During the last two years Multitone has invested in high technology equipment at Marham to reduce production costs and to increase capacity. Computer-controlled systems are now carrying out complex test functions.

The Group has a choice of a number of suppliers for most items which it purchases. In a limited number of cases where it is not economical to parallel source, the Group might experience some temporary dislocation in the event of the source of supply being disrupted.

Extensive quality checks are carried out in all areas, including design, goods inwards, manufacturing, installation and customer service. This emphasis on quality assurance has contributed substantially to the expansion of the customer base and to Multitone's reputation worldwide.

Product development

Multitone's commitment to investment in research and development and its belief in the importance of product innovation as a means of creating new opportunities have resulted in more than 10 per cent of its employees being engaged in research and development. Through its product development work Multitone has been an innovator in many of the features of paging systems which are now accepted as standard. Investment in new product development has made a major contribution to the growth of the Group.

[illegible]

Directors, management and staff

The Directors of the Company, all of whom are executive, are as follows—

Alexander Poliakoff, [illegible]

Ian H. Karten, [illegible]

John M. Spiers, [illegible]

William C. Croft, [illegible]

Richard B. Marshall, [illegible]

Doris Schuler, [illegible]

Peter Tanner, [illegible]

Jonathan H. Wicksteed, [illegible]

The heads of the overseas subsidiaries are:—

Canada	John Raftis	President, Multitone Electronics Limited
France	Jean-Francois Donzallaz	Managing Director, Multitone Electronique SA
U.S.A.	Walter Soboleski	President, Multitone Electronics Inc.
West Germany	Heinz Moonen	Managing Director, Multiton Elektronik GmbH
Malaysia	Frank Brooks	Plant Manager, Multitone Electronics Sdn Bhd

The management and the organisational structure have been continuously strengthened over the years as the Group has grown.

Multitone operates in an industry where technical staff must keep abreast of developments in technology. Resources are allocated each year for the training of personnel in specific and general skills. Of the United Kingdom staff, 84 are university graduates or have similar technical qualifications.

The average number of employees of the Group was 808 in the year ended 31st March, 1982; of these 479 were employed in the United Kingdom.

Within the framework defined by Government legislation, an insured contributory pension scheme is operated for all U.K. monthly paid employees aged over twenty-one. In accordance with local practice, certain employees in overseas subsidiaries are members of insured pension schemes.

The Group has always enjoyed an excellent relationship with its employees.

Five years' growth

The results of Multitone for the five year period ended 31st March, 1982, which are set out in the Accountants' Report in Appendix I, are summarised below:—

	1978	1979	1980	1981	1982
Turnover (£000)	8,557	9,363	12,590	14,098	16,546
Profit before tax (£000)	748	874	1,260	1,400	1,748
Profit before tax as percentage of turnover	8.6	9.3	10.0	9.9	10.6
Earnings per share*	4.3p	5.9p	8.2p	9.1p	13.6p

Profit before tax expressed as a percentage of average shareholders' funds, and net tangible assets per share are shown below:—

	1978	1979	1980	1981	1982
Profit before tax as a percentage of average shareholders' funds	29.8	27.6	31.6	23.0	27.6
Net tangible assets per share*	21.2p	26.4p	34.3p	41.5p	54.3p

*Based on 11,200,000 Ordinary Shares in issue after the capitalisation issue and before this Offer for Sale.

Proceeds of the issue and working capital

Of the total proceeds of this Offer for Sale at the minimum tender price, approximately £1.7 million after deduction of the expenses of the Offer for Sale will be represented by subscription monies receivable by the Company from the issue of new shares. In addition, 1,875,000 shares are being sold by existing shareholders, as described in paragraph 5 of Appendix II.

The net proceeds receivable by Multitone will be utilised to finance the Group's further expansion and development. Taking into account the estimated net proceeds and existing bank and other facilities and cash balances the Directors are of the opinion that the Group has sufficient working capital for its present requirements.

Earnings and dividends

It is too early in the current financial year for the Directors to make a profit forecast. However, in the absence of unforeseen circumstances the Directors expect that the Company will pay in respect of the current financial year ending 31st March, 1983 dividends totalling 2.52p per share, equivalent with the associated tax credit to gross dividends of 3.6p per share. Multitone will normally pay in respect of each financial year an interim and a final dividend in February and September respectively.

The profit before tax for the year ended 31st March, 1982 was £1,748,000. The table below is based on 13,200,000 shares in issue following this Offer for Sale, and includes an adjustment to the profit for notional interest for a full year on the net proceeds of the issue of 1,800,000 new Ordinary Shares at the minimum tender price at 12 per cent per annum, less tax thereon at 52 per cent.

The table sets out, by way of illustration only, the appropriation of the profit assuming—

(a) the actual tax charge on the profit before adjustment for the notional interest;

(b) a notional 52 per cent tax charge on the profit.

	(a) £000	(b) £000
Profit before tax	1,748	1,748
Less: Tax (a) actual	83	
(b) notional 52 per cent		909
Profit after tax	1,665	839
Add: Notional interest of £212,400, less notional tax at 52 per cent	102	102
	1,767	941
Dividends totalling 2.52p per share	378	378
Retained profit	1,389	563
Earnings per share	11.6p	6.3p

At the minimum tender price of 120p and on the respective bases stated in (a) and (b) above, the Offer for Sale statistics are:

	(a)	(b)
Price earnings multiple	10.2	19.1
Dividend cover	4.7	2.5
Gross dividend yield	3.0 per cent	3.0 per cent

A relatively low proportion of the Group's profit before tax has been absorbed by tax charges in recent years. The Group expects to continue to benefit from stock appreciation relief and accelerated capital allowances, although the tax exempt period of the Malaysian manufacturing subsidiary is coming to an end, as explained in the Accountants' Report in Appendix I.

Prospects

The paging markets in which Multitone operates are expected to continue their growth. The importance of on-site paging for communication with mobile staff is increasingly appreciated by commercial and industrial organisations as well as hospitals. [illegible] The Directors believe that Multitone is well placed to participate in the growth of both the on-site and the wide-area paging markets.

The market for "hands free" internal voice communication systems is estimated by [illegible]

Appendix I
Accountants' Report

[illegible]

Accounting policies

[illegible]

(i) *Interest in Subsidiary Companies*—
Shares in subsidiaries are included in the balance sheet of the Company at the book amount of the net assets of those subsidiaries, any surplus over original cost being carried in non-distributable reserves. No provision is made for any tax liability which might arise in the event of a disposal of the shares of a subsidiary for an amount in excess of original cost, as no such disposal is envisaged.

(j) *Deferred Tax*—
The tax charge is based upon the profit for the year at current rates and includes tax deferred on amounts attributable to different periods for tax purposes, except where there is reasonable evidence that such deferred tax is unlikely to become payable within the foreseeable future. No provision is made for tax which might be payable in the event of distribution of reserves of overseas subsidiaries.

Statement of consolidated profits

	Notes	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
Turnover	1	9,557	9,363	12,590	14,092	16,546
Cost of sales and expenses	2	(8,586)	(8,307)	(11,116)	(12,370)	(14,468)
Trading profit		971	1,056	1,474	1,729	2,078
Interest payable		(223)	(182)	(214)	(329)	(330)
Profit before tax		748	874	1,260	1,400	1,748
Tax	3	(182)	[illegible]	(182)	(196)	[illegible]
Profit after tax		[illegible]	781	1,078	1,204	[illegible]
Dividends	4	(66)	(77)	(127)	[illegible]	[illegible]
Transfer to loan redemption reserve		(50)	(20)	(50)	(50)	[illegible]
Translation (losses)/gains		(68)	(103)	(92)	(65)	241
Retained profit		[illegible]	341	[illegible]	[illegible]	[illegible]
Earnings per share on 13,200,000 shares	5	4.3p	5.9p	8.2p	9.1p	12.6p

Balance sheets at 31st March, 1982

	Notes	Group £000	Group £000	Company £000	Company £000
Net assets employed:					
Fixed assets	6		2,697		1,223
Interest in subsidiary companies	7		—		3,503
Current assets					
Stock	8	4,761		2,330	
Debtors		4,536		750	
Bank balances and cash		300		244	
		9,597		4,365	
Current liabilities					
Bank loans and overdrafts	9	1,904		63	
Creditors		2,913		2,005	
Prepaid income		845		50	
Tax	10	49		93	
Dividends		314		214	
		6,126		2,425	
Net current assets			4,471		1,937
Total net assets			7,168		7,163
Financed by:					
Share capital	11		550		550
Reserves	12		6,618		6,613
Shareholders' funds			7,168		7,163

Statement of consolidated source and application of funds

[illegible]

Notes to the statement of consolidated profits

1. Turnover

[illegible]

2. Cost of sales and expenses

[illegible]

3. Tax

[illegible]

4. Dividends

[illegible]

5. Earnings per share

[illegible]

Notes to the balance sheets as at 31st March, 1982

6. Fixed assets

[illegible]

7. Interest in subsidiary companies

[illegible]

multitone electronics plc

continued

(b) The subsidiaries are all private companies and are all wholly owned directly by the Company with the exception of Multiton Elektronik GmbH, which is wholly owned by Multitone Communications Limited. The subsidiaries, grouped by principal activity, are as follows:—

	Share capital issued and fully paid	Country of incorporation	Year of incorporation
Sales and service companies			
Multitone Communication Systems Limited	£25,000	England	1953
Multitone Electronics Inc.	US$1,150,000	Delaware, U.S.A.	1968
Multitone Electronics Limited	C$750,000	Canada	1958
Multiton Elektronik GmbH	DM1,000,000	West Germany	1958
Multitone Electronique SA	FF400,000	France	1972
Rental companies			
Multitone Rentals Limited	£100	England	1959
Pocket Paging Rentals Limited	£100	England	1962
Manufacturing company			
Multitone Electronics Sdn Bhd	M$285,000	Malaysia	1973
Sub-holding company			
Multitone Communications Limited	£100	England	1958
Non-trading company			
Multitone Conference Communications Limited	£1,000	England	1958

The issued capital of Multitone Electronics Inc. includes a capital contribution of US$281,200 by the Company.

8. Stock

	Group £000	Company £000
Stock comprises:—		
Purchased components and spares	2,580	1,984
Work-in-progress	702	467
Finished goods	1,479	901
	4,761	3,333

9. Borrowings

(a) At 31st March, 1982 £820,886 of the bank overdraft of an overseas subsidiary was secured by an assignment of trade debts.

(b) The Company has guaranteed the overdrafts of certain subsidiaries to the extent of £580,780.

(c) During the year ended 31st March, 1982, the Company repaid medium term loans which were available under acceptance credit facilities.

10. Tax liabilities

	Group £000	Company £000
(a) Current liability:—		
Year to date	(43)	1
Advance corporation tax on dividends	92	92
	49	93

(b) Advance corporation tax amounting to £321,469 is available for set off against future U.K. corporation tax liabilities, but has been written off in the accounts as it is not expected to be recoverable in the next 12 months.

(c) The amount of deferred tax not provided is attributable to:—

	Group £000	Company £000
Accelerated capital allowances	834	460
Relief not yet utilised	(363)	(127)
Unrealised property revaluation surplus	55	55
Advance corporation tax written off	(321)	(321)
Other timing differences	(94)	(94)
	311	(37)

11. Share capital

The share capital of the Company at 31st March, 1982 was as follows:—

	£000
Authorised—	
4,800,000 Ordinary Shares of 12½p each	600
Issued and fully paid—	
4,400,000 Ordinary Shares of 12½p each	550

As explained in Note 13 the authorised and issued share capitals were changed at an Extraordinary General Meeting held on 14th July, 1982.

12. Reserves

The movement on Group reserves for the five years ended 31st March, 1982 is as follows:—

	£000	£000
Group reserves at 1st April, 1977		1,676
Retained profit for the years ended 31st March—		
1978	382	
1979	541	
1980	799	
1981	908	
1982	1,632	
		4,260
Transfers from profits on loan redemption		300
Unrealised surplus on revaluation of properties		182
Group reserves at 31st March, 1982		6,618
Group reserves at 31st March, 1982 comprise:—		
Distributable reserves—		
Company	3,024	
Subsidiaries	3,034	
		6,058
Non-distributable reserves—		
Company		
Capital redemption	4	
Loan redemption	300	
Unrealised property revaluation surplus	182	
Subsidiaries		
Capitalised as share capital	74	
		560
		6,618

As explained in Note 13, reserves of the Company totalling £2,750,000 were capitalised on 14th July, 1982.

13. Change in capital structure since 31st March, 1982

At an Extraordinary General Meeting of the Company held on 14th July, 1982, resolutions were passed to:—

(i) increase the authorised share capital to £5,000,000 by the creation of 35,200,000 additional Ordinary Shares of 12½p each;

(ii) capitalise £2,750,000 of reserves and issue, credited as fully paid, five new Ordinary Shares of 12½p each for every existing share held by members registered on 13th July, 1982, such 22,000,000 new shares ranking pari passu in all respects with the existing 4,400,000 issued Ordinary Shares; and

(iii) consolidate every two Ordinary Shares of 12½p into one Ordinary Share of 25p.

14. Pension arrangements

In the United Kingdom, the Group maintains an insured contributory pension scheme, membership of which is compulsory for all monthly paid staff aged over 21 years. The scheme provides a comprehensive range of benefits and is contracted out of the State pension scheme.

The Group operates insured schemes in certain overseas subsidiaries, the members of which are mainly senior management.

The Group's contribution to all schemes for the year ended 31st March, 1982 amounted to £203,673.

15. Lease obligations

At 31st March, 1982 the Group leased certain office and light industrial premises under short leases expiring at various dates between 1982 and 1989 at a current aggregate annual rental of approximately £161,000. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. In addition, there are two long leases expiring in 2056 and 2072 at a current aggregate annual rental of approximately £310.

16. Audited accounts

No audited accounts have been prepared in respect of any period since 31st March, 1982.

Statement of current cost consolidated profits

	Notes	Year ended 31st March 1981 £000	1982 £000
Turnover		14,098	16,546
Trading profit per historical accounts		1,728	2,078
Current cost operating adjustments	2	(607)	(517)
Current cost operating profit		1,121	1,561
Interest		(328)	(330)
Gearing adjustment	6	154	127
Current cost profit before tax		947	1,358
Tax		(196)	(83)
Current cost profit after tax		751	1,275
Dividends		(173)	(214)
Transfer to loan redemption reserve		(60)	(60)
Translation (loss)/gain		(65)	241
Current cost retained profit		453	1,242
Current cost earnings per share on 13,200,000 shares		5.7p	9.7p

Current cost consolidated balance sheet at 31st March, 1982

	Notes	£000	£000
Net assets employed:			
Fixed assets	3		3,189
Current assets	4		
Stock		4,872	
Debtors		4,536	
Bank balances and cash		300	
		9,708	
Current liabilities			
Bank loans and overdrafts		1,204	
Creditors		2,813	
Prepaid income		846	
Tax		49	
Dividends		214	
		5,126	
Net current assets			4,582
Total net assets			7,771
Financed by:			
Share capital			550
Current cost reserve	7		2,260
Other reserves	8		4,961
Shareholders' funds			7,771

Notes to the current cost accounts

1. Accounting basis

The current cost accounts have been prepared in accordance with SSAP 16. They are intended to show the effects of inflation both on profits available for distribution and on the funds employed in the business. Except as set out in these Notes the policies used in the preparation of the supplementary current cost accounts are the same as those used in the historical cost accounts.

2. Current cost operating adjustments

	Year ended 31st March 1981 £000	1982 £000
Depreciation (Note 3)	137	161
Loss on disposal of fixed assets (Note 3)	31	15
Cost of sales (Note 4)	442	303
Monetary working capital (Note 5)	(3)	38
	607	517

3. Fixed assets and depreciation

(a) Fixed assets are shown in the balance sheet at their current cost values. These are obtained by applying appropriate published indices to the cost or valuation of such assets analysed by year of acquisition or valuation.

(b) The additional depreciation charge allows for the extra charge necessary when fixed assets are stated at their current as opposed to their historical cost.

(c) The adjustment to the loss on disposal of fixed assets results from the adjustments to cost and depreciation.

4. Stock and cost of sales

(a) Stock is valued at the lower of current replacement cost and net realisable value. Current replacement cost is obtained by the use of appropriate published indices and by the use of the averaging method.

(b) The cost of sales adjustment allows for the extra charge to current year's profits to reflect the current costs as at the date of sale.

5. Monetary working capital adjustment

Monetary working capital represents trade debtors, less trade creditors and an appropriate proportion of overdraft balances. The monetary working capital adjustment allows for the impact of price changes on working capital. The balance sheet values of these items are unchanged from the historical accounts.

6. Gearing adjustment

The total current cost adjustments described above are reduced to the extent that the net assets of the Group are financed by net external borrowings, the repayment of which is fixed in monetary terms, excluding borrowings within monetary working capital.

7. Current cost reserve

	£000
At 31st March, 1981	1,823
Revaluation surpluses—fixed assets	228
—stock	298
Monetary working capital adjustment	38
Gearing adjustment	(127)
At 31st March, 1982	2,260

8. Other reserves

	£000
At 31st March, 1981	3,659
Current cost retained profit for the year	1,242
Transfer from profits on loan redemption	60
At 31st March, 1982	4,961

Yours faithfully,
Arthur Andersen & Co.
Chartered Accountants

Appendix 2
Statutory and General Information

1. Share capital

(a) The Company was incorporated in England under the name of Multitone Electric Company Limited on 9th May, 1931.

(b) On 23rd March, 1981 a Special Resolution was passed to change the name of the Company to Multitone Electronics PLC.

(c) The Company was re-registered as a public limited company on 25th March, 1981.

(d) At an Extraordinary General Meeting on 19th June, 1982 Resolutions were passed to alter the objects clause in the Memorandum and to adopt new Articles of Association.

(e) by 13th July, 1982 the authorised share capital of the Company had been increased to £600,000 divided into 4,800,000 Ordinary Shares of 12½p each.

(f) At an Extraordinary General Meeting on 14th July, 1982 Resolutions were passed to:—

(i) increase the authorised share capital to £5,000,000 by the creation of 35,200,000 new Ordinary Shares of 12½p each;

(ii) capitalise £2,750,000 of reserves and allot 22,000,000 Ordinary Shares of 12½p each credited as fully paid to shareholders on the register at the close of business on 13th July, 1982 in the proportion of five Ordinary Shares for every one Ordinary Share then held;

(iii) consolidate every two Ordinary Shares of 12½p into one Ordinary Share of 25p;

(iv) authorise the Directors generally to allot Shares at any time before 13th July, 1987.

After the allotment of the 1,800,000 Ordinary Shares included in this Offer for Sale the Directors will have a general authority to allot Shares up to a maximum nominal amount of £1,250,000, being the full amount of the authorised but unissued capital.

(g) Save as aforesaid there has been no alteration in the share capital of the Company within the two years preceding the date of this Offer for Sale.

2. Articles of Association

The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:—

(a) Share capital

The authorised share capital of the Company is £5,000,000 divided into 20,000,000 Ordinary Shares of 25p each. Subject to the provisions of the Companies Act 1980, the issue of shares is at the discretion of the Board.

(b) Rights of shares

Subject to the provisions of the Companies Acts, the rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a Separate Meeting of the holders of the shares of that class.

On a show of hands every member who (being an individual) is present in person or (being a corporation) is present by representative or proxy not being himself a member has one vote and on a poll every member present in person or by proxy has one vote for every share held by him.

(c) Borrowing powers

The Board may exercise all the powers of the Company to borrow money but shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to subsidiaries so as to secure (but as regards subsidiaries only in so far as by the exercise of such rights or powers of control the Board can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed (as defined in the Articles) by the Group and owing to persons outside the Group may not at any time without the previous sanction of an Ordinary Resolution of the Company exceed a sum equal to twice the aggregate of:—

(i) the amount paid up on the issued share capital for the time being of the Company; and

(ii) the amount standing to the credit of reserve accounts of the Group (including any share premium account, capital redemption reserve and the amount standing to the credit of the profit and loss account) all as shown by the latest audited consolidated Balance Sheet,

but adjusted as set out in the Articles.

(d) Directors

(i) The remuneration of the Directors is from time to time to be determined by the Company in General Meeting. The Directors are entitled to be paid all expenses properly incurred by them in attending General Meetings or Separate Meetings of the holders of any class of shares or meetings of the Board or Committees of the Board or otherwise in or with a view to the performance of their duties. Any Director who performs extra or special services of any kind shall be entitled to such extra remuneration as the Board may think fit.

(ii) The Board may from time to time appoint one or more of their number to be the holder of any executive office on such terms and for such period as they think fit. The remuneration of an executive Director shall be fixed by the Board and may be of any description.

(iii) The Board may pay a gratuity, pension or allowance on retirement to any Director who has held any salaried office or place of profit with the Company or any subsidiary or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance and may make payments for or towards the insurance of any such person.

(iv) A Director may not vote or be counted in a quorum in respect of any contract, transaction, arrangement or proposal in which he has a material interest, but this prohibition does not apply to:—

the giving to any Director of any security or indemnity in respect of money lent by him to, or obligation undertaken by him for the benefit of, the Company or any of its subsidiaries; or

the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or

any contract by a Director to underwrite shares or debentures or other obligations of the Company or any other company that the Company may promote or be interested in; or

any contract or arrangement with any other corporation or firm where the sole interest of a Director is that he is a director, member, partner, employee or creditor of, or is otherwise interested in, any such corporation or firm but not if he is the holder of or beneficially interested in 1 per cent or more of any class of the equity share capital of any such corporation or of any third corporation through which his interest is derived or of the voting rights available to members of the relevant company (any such interest being deemed for this purpose to be a material interest in all circumstances); or

any act or thing done or to be done in respect of any scheme or arrangement to provide retirement or death benefits for Directors (including ex-Directors) and for employees (including ex-employees) or any class of employees or ex-employees of the Company and which has been approved by or is subject to and conditional upon approval by the Inland Revenue for taxation purposes; or

any matter connected with an employees' share scheme or any share incentive or share option scheme other than the allocation to him of any share or the grant to him of any option over any share or any other matter concerning his individual participation in any such scheme.

(v) Any Director may himself or by his firm act in a professional capacity for the Company (otherwise than as auditor) and shall be entitled to remuneration for professional services as if he were not a Director.

(vi) A Director is not required to hold any shares of the Company by way of qualification.

(vii) Section 185 of the Companies Act, 1948, relating to the election, retirement and re-election of Directors attaining the age of seventy, does not apply to the Company.

3. Directors' and other interests

(a) The interests of the Directors (all beneficial) in the share capital of the Company immediately preceding this Offer for Sale, as shown by the register maintained under the provisions of the Companies Act 1967, and their respective holdings immediately following this Offer for Sale are as follows:—

	Number of 25p Shares Held before Offer for Sale	Held after Offer for Sale	
A. Polakoff	870,237	739,704	(4.93%)
I.H. Karten	7,176,663	6,100,164	(40.67%)
J.M. Spiers	150,000	150,000	(1.00%)
W.C. Croft	—	—	—
R.B. Marshall	—	—	—
D. Schuler	120,000	120,000	(0.80%)
P. Tanner	4,200	4,200	(0.03%)
J.H. Wicksteed	7,500	7,500	(0.05%)
	8,328,600	7,121,568	47.48%

In addition certain Directors intend to apply for a maximum of 75,000 Ordinary Shares under this Offer for Sale.

b) Immediately following this Offer for Sale, FFI (UK Finance) plc will own 2,053,608 Ordinary Shares of 25p each (13.6 per cent of the enlarged issued share capital). An aggregate of a further 874,380 Ordinary Shares (5.83 per cent of the enlarged issued capital) will be held by adult children of Directors.

The Directors are not aware of any shareholder, other than those named above, who immediately following this Offer for Sale will have an interest representing 5 per cent or more of the enlarged issued share capital of the Company.

4. Director's service agreement and Directors' emoluments

Mrs. D. Schuler has a service agreement dated 13th October, 1977 with the Company for a period of seven years from 1st June, 1977 at an annual salary, currently at the rate of £33,000 per annum, which is subject to review during the currency of the agreement. There are no other existing or proposed service agreements with the Company or any subsidiary for any of the Directors.

The aggregate emoluments (including pension contributions) of the Directors for the year ended 31st March, 1982 were £234,000 and are expected to be £284,000 for the current financial year ending 31st March, 1983.

5. Agreement with Arbuthnot Latham

Under the Offer for Sale Agreement dated 19th July, 1982 between the Company, the vendors named therein, the Directors and Arbuthnot Latham, Arbuthnot Latham has agreed, subject to the Council of The Stock Exchange admitting the Ordinary Shares of the Company to the Official List not later than 28th July, 1982—

(a) to purchase from such vendors a total of 1,875,000 Ordinary Shares at the Striking Price;

(b) to subscribe for 1,800,000 new Ordinary Shares at the Striking Price; and

(c) to offer the resultant total of 3,675,000 Ordinary Shares for sale to the public by tender at a minimum tender price of 120p per share.

The costs and expenses of and incidental to this Offer for Sale, including the costs of preparing, printing, circulating and advertising this Offer for Sale, all accounting expenses, the Company's legal expenses, the receiving bankers' and registrars' fees and expenses, capital duty, the fees payable to The Stock Exchange and a fee to Arbuthnot Latham are estimated to amount to £290,000 (exclusive of Value Added Tax) and are payable by the Company. Arbuthnot Latham will pay out of its fee, commissions to sub-underwriters of 1¼ per cent on the minimum tender price of each share, a fee to the brokers and its own legal expenses.

6. Material contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into within two years before the date hereof and are or may be material:—

(a) the Offer for Sale Agreement referred to in paragraph 5 above;

(b) a Deed dated 19th July, 1982, supplemental to the Offer for Sale Agreement, whereby certain of the vendor shareholders have given to Arbuthnot Latham and the Company indemnities in respect of certain tax liabilities.

7. Tax

(a) The Directors have been advised that, immediately after this Offer for Sale, the Company is not expected to remain a close company as defined in the Income and Corporation Taxes Act 1970.

(b) Pursuant to the Deed referred to in paragraph 6 above, certain of the vendor shareholders have given to Arbuthnot Latham and the Company indemnities in respect of estate duty, capital transfer tax, income tax, surtax and shortfall tax liabilities.

(c) Clearances have been obtained in respect of all completed accounting periods of the Company and its subsidiaries up to and including 31st March, 1981, pursuant to paragraph 18, Schedule 16, Finance Act 1972, in relation to the close company apportionment provisions.

(d) Clearance under Section 464, Income and Corporation Taxes Act 1970 has been received in respect of this Offer for Sale.

8. Premises

The Group currently occupies the following principal offices and factory premises:—

(a) freehold land of approximately 1 acre at Matham, Norfolk including a factory building of 17,500 sq. ft.;

(b) leasehold *premises under five separate leases over offices, ancillary showrooms and work areas for light* industrial use at 6-24 Underwood Street, London N1. The leases expire on different dates during December 1989 and cover an area totalling 47,322 sq. ft. The total rent payable is presently £47,950 p.a. and the earliest rent review on any of the leases is 1st June, 1983;

(c) leasehold premises at 28/28 Underwood Street, London N1, comprising approximately 10,000 sq. ft. of offices and warehouse for light industrial purposes. The lease expires on 25th December, 2056 and the rent is £235 p.a.;

(d) leasehold land comprising approximately 78,000 sq. ft. with freehold buildings for light industrial purposes of 12,000 sq. ft. at Batu Berendam, Free Trade Zone, Malacca, Malaysia. The lease expires on 30th May, 2072 and the rent is M$312 p.a.;

(e) leasehold offices in Springfield, New Jersey, U.S.A. comprising approximately 12,200 sq. ft. The lease expires *on 31st May, 1983, with a five year renewal option. The rent is US$61,000 p.a.;*

(f) leasehold offices at Downsview, Ontario, Canada, comprising approximately 8,800 sq. ft. The lease expires on 31st July, 1989 and the rent is C$26,400 p.a.;

(g) leasehold offices in Dusseldorf, West Germany, comprising approximately 9,980 sq. ft. The lease is terminable on any 31st March with nine months notice. The rent is DM90,000 p.a. and is subject to increase in line with the *retail price index applicable* in West Germany;

(h) leasehold offices in Paris, France, comprising 1,507 sq. ft. The lease expires on 14th May, 1983 and the rent is FF83,000 p.a.

9. General

(a) (i) No share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(ii) Since 15th July, 1980—

(a) save as disclosed herein, no capital of the Company or (except for capital issued to or owned by the Company or a wholly-owned subsidiary) of any subsidiary has been issued, or is proposed to be issued, fully or partly paid either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or of any subsidiary; and

(c) no Director has or has had any direct or indirect interest in any assets acquired, disposed of or leased to or by, or proposed to be acquired, disposed of or leased to or by, the Company or any subsidiary.

(b) No Director is materially interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Group taken as a whole.

(c) A Special Resolution was passed on 14th July, 1982 authorising the Directors generally to allot shares at any time before 13th July, 1987. After the allotment of the 1,800,000 Ordinary Shares pursuant to this Offer for Sale the Directors will have a general authority to allot shares up to a maximum nominal amount of £1,250,000. There is no present intention to issue any of such authorised but unissued share capital of the Company and without the prior approval of shareholders in General Meeting—

(i) no material issue of shares (other than to holders of Ordinary Shares pro rata to their existing holdings) will be made within one year from the date of this Offer for Sale; and

(ii) no issue of shares will be made which would effectively alter the control of the Company or the nature of its business.

(d) Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any such company.

(e) There has been no material change in the trading or financial position of the Group since 31st March, 1982.

(f) Arthur Andersen & Co have given and have not withdrawn their written consent to the issue of this prospectus with the inclusion therein of their Report in the form and context in which it is included.

(g) The documents attached to the copies of this Offer for Sale delivered to the Registrar of Companies for registration were the written consent mentioned above, a statement of the adjustments made by Arthur Andersen & Co. in arriving at the figures set out in their Report and giving their reasons therefor and copies of the material contracts referred to in paragraph 6 above.

(h) There is no minimum amount which, in the opinion of the Directors, must be raised in respect of the matters specified in paragraph 4 of Part I of the Fourth Schedule to the Companies Act, 1948.

(i) For the purposes of the indebtedness statement, foreign currencies have been converted into sterling at the rates applicable on 30th June, 1982.

10. Documents for inspection

Copies of the following documents may be inspected at the offices of Stephenson Harwood, Saddlers' Hall, Gutter Lane London EC2V 6BS during usual business hours on any weekday (Saturdays excepted) until 28th July, 1982—

(a) the Memorandum and Articles of Association of the Company;

(b) the audited consolidated accounts of the Group for the two years ended 31st March, 1982;

(c) the Director's service contract referred to in paragraph 4 above;

(d) the material contracts referred to in paragraph 6 above;

(e) the Accountants' Report set out in Appendix 1 and the statement of adjustments referred to in paragraph 9(g) above; and

(f) the written consent referred to in paragraph 9(f) above.

Dated 19th July, 1982

Procedure for application

1. Applications must be made on the accompanying Application Form at the minimum tender price of 120p per share or at any higher price per share which is a multiple of 1p.

2. Applications must be for a minimum of 200 shares and thereafter for the following multiples of shares: in multiples of 200 shares up to 1,000 shares, then in multiples of 500 shares up to 10,000 shares, in multiples of 1,000 shares up to 25,000 shares, in multiples of 5,000 shares up to 100,000 shares and in multiples of 10,000 shares thereafter.

3. Applications must be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD, to arrive not later than 10 a.m. on 22nd July, 1982 (being the time of opening of the application list).

4. Each application must be accompanied by a separate cheque or banker's draft drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, The Channel Islands or the Isle of Man, of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses (and which must bear the appropriate sorting code number in the top right hand corner) made payable to "National Westminster Bank PLC" and crossed "Not Negotiable" representing payment in full at the application price. The right is reserved to present all cheques or banker's drafts for payment and retain letters of acceptance and surplus application monies pending clearance of the successful applicants' cheques and to reject any application and in particular multiple or suspected multiple applications. Due completion and delivery of an Application Form accompanied by a cheque will constitute a representation that the cheque will be honoured on first presentation, attention is drawn to the declaration in the Application Form to that effect. *Applications will be irrevocable until 26th July, 1982. Photostat copies of Application Forms will not be accepted.*

5. No person receiving a copy of this Offer for Sale or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such Form unless in the relevant territory such an invitation could lawfully be made to him or such Form could lawfully be used without contravention of any registration or other legal requirements. Any person outside the United Kingdom wishing to make an application hereunder should satisfy himself as to observance of the laws of any relevant territory, including obtaining any requisite governmental or other consents or observing any other requisite formalities.

Basis of acceptance

Subject as aforesaid, applications will be accepted on the following basis—

1. All shares for which applications are wholly or partly accepted will be sold at the same price ("the *Striking Price*"), which will not be less than the minimum tender price of 120p per share.

2. If applications are received for more than the total number of shares offered, the Striking Price will in principle be the highest price at which sufficient applications (including applications at above that price) are received for the total number of shares offered. In deciding the Striking Price and the basis of allocation, Arbuthnot Latham will have regard to the need to establish a satisfactory market in the shares, for which purpose a reasonable number of shareholders is required, and to ensure as far as possible that Multitone ceases to be a close company. Accordingly a lower sale price may be fixed to spread the allotment of shares over a reasonable number of applicants. No allocation will be made in respect of applications, whether preferential or otherwise, at prices below the Striking Price.

3. Up to 367,500 shares are reserved for applications from employees (including executive Directors) of Multitone and its subsidiaries which will be allocated to them at the Striking Price. Such applications must be made on the special pink Application Forms which are being made available in the United Kingdom to such employees. In the event of excess applications being received from employees, the basis of allocation will be determined by Arbuthnot Latham.

4. Applications for shares, including preferential applications, at below the Striking Price will be rejected and, in addition, Arbuthnot Latham reserves the right, irrespective of the price of application, to reject or to accept any application in whole or in part. Multiple applications at any one price are liable to be rejected.

5. If applications are received for less than the total number of shares offered, the Striking Price will be the minimum tender price of 120p per share.

6. Acceptance of applications will be conditional on the whole of the issued share capital of Multitone being admitted to the Official List of The Stock Exchange not later than 28th July, 1982 (or such later date as may be agreed between the Directors and Arbuthnot Latham). Monies paid in respect of all applications will be returned if such listing is not granted and in the meantime will be retained by National Westminster Bank PLC in a separate account.

7. The Striking Price and the basis of allocation will be announced on, or as soon as possible after, 23rd July, 1982. Renounceable letters of acceptance will be despatched on 26th July, 1982. If any application is not accepted, or is accepted for fewer shares than the number applied for, or is accepted at a lower price than that tendered, the application monies or the balance of the amount paid on application will be returned by cheque through the post at the applicant's risk.

8. Letters of acceptance will be renounceable up to 3.00 p.m. on 27th August, 1982. The shares now being offered for sale will be registered free of stamp duty in the names of the purchasers or persons in whose favour letters of acceptance have been renounced, provided that, in the case of renunciation, letters of acceptance duly completed in accordance with the instructions contained therein are lodged for registration on or before 3.00 p.m. on 27th August, 1982. Share certificates will be despatched by first class post on 24th September, 1982.

9. Dealings in the Ordinary Shares of Multitone are expected to commence on Thursday, 29th July, 1982.

Copies of this Offer for Sale with Application Forms may be obtained from—

Arbuthnot Latham & Co., Limited
Northgate House, 20 Moorgate, London EC2R 6HH

L. Messel & Co.,
Winchester House, 100 Old Broad Street,
London EC2P 2HX

National Westminster Bank PLC,
New Issues Department, P.O. Box 79,
Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD

and from the following branches of National Westminster Bank PLC—

Registrars Department, P.O. Box 82,
37 Broad Street, Bristol BS99 7NH

P.O. Box 87, Colmore Centre,
103 Colmore Row, Birmingham B3 3NS

P.O. Box 305, 55 King Street,
Manchester M60 2DB

80 George Street,
Edinburgh EH2 3DZ

APPLICATION FORM

See Instructions Below

The Application List for the Ordinary Shares now offered for sale will open at 10 a.m. on Thursday, 22nd July, 1982 and may be closed at any time thereafter.

multitone electronics plc

(Registered in England under the Companies Act 1929—No. 258314)

Offer for Sale by Tender

by

Arbuthnot Latham & Co., Limited

of 3,675,000 Ordinary Shares of 25p each at a minimum price of 120p per share the price tendered being payable in full on application.

Unless the three boxes opposite are completed in a manner that complies with the application may not be valid.	* Number of shares applied for	** Price per share at which application is made	*** Amount of cheque/bankers draft enclosed
		p	£

*Application must be for a minimum of 200 shares and thereafter in the following multiples: of shares in multiples of 200 shares up to 1,000 shares, then in multiples of 500 shares up to 10,000 shares, in multiples of 1,000 shares up to 25,000 shares, in multiples of 5,000 shares up to 100,000 shares and in multiples of 10,000 shares thereafter.

**The price per share at which application is made must be inserted here and must be 120p or a higher price which is a multiple of 1p.

***The number of shares applied for multiplied by the price per share at which application is made.

ALL THREE BOXES MUST BE COMPLETED

To: ARBUTHNOT LATHAM & CO., LIMITED.

Gentlemen,

[illegible]

FOR OFFICE USE ONLY
1. Acceptance No.
2. Shares allocated
3. Amount received £
4. Amount payable £
5. Amount returned £
6. Cheque Number

1. ………… Signature ………… Date

Forename(s) in full

Surname and designation (Mr., Mrs., Miss or title)

Address (in full)

(Post Code)

ALL JOINT APPLICANTS MUST SIGN AND GIVE NAMES AND ADDRESSES BELOW. [illegible]

[illegible] PLEASE USE BLOCK CAPITALS

PLEASE PIN CHEQUE HERE

2. ………… Signature

Forename(s) (in full) — Surname and designation (Mr., Mrs., Miss or title)

Address (in full) ………… (Post Code)

3. ………… Signature

Forename(s) (in full) — Surname and designation (Mr., Mrs., Miss or title)

Address (in full) ………… (Post Code)

4. ………… Signature

Forename(s) (in full) — Surname and designation (Mr., Mrs., Miss or title)

Address (in full) ………… (Post Code)

INSTRUCTIONS

This Form, duly completed, together with a cheque or bankers' draft drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided for the members of those Clearing Houses (and which must bear the appropriate sorting code number in the top right hand corner) made payable to "National Westminster Bank PLC" and crossed "Not Negotiable" representing payment in full at the application price, must be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD, not later than 10 a.m. on 22nd July, 1982. A separate cheque/bankers' draft must accompany each application. No application can be considered unless these conditions are fulfilled. All cheques/bankers' drafts are liable to be presented for payment. Photostat copies of Application Forms will not be accepted.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	The Royal Tournament (01-371 8141) (until July 31)	Earls Court
Current	Harrogate Gift Fair (0282 867153) (until July 22)	Exhibition Centre, Harrogate
July 26-30	World Congress and Exhibition for Ultrasound in Medicine and Biology (01-486 6682)	Met Exhn Hall, Brighton
Aug. 8-12	International Gifts Fair (01-855 9201)	Olympia
Aug. 12-15	Wine and Beer Festival (01-778 1256)	Met Exhn Hall, Brighton
Aug. 20-30	Motor Cycle Show (01-385 1200)	Earls Court
Sept. 5-8	International Hardware Trades Fair (01-643 8040)	Olympia
Sept. 5-12	International Air Show (01-839 3231)	Farnborough
Sept. 7-10	Label, Labelling, Marking and Identification Industry Exhibition—LABELEX (01-467 7728)	NEC, Birmingham
Sept. 7-10	International Carpet Fair (021-705 6707)	Harrogate
Sept. 12-15	MAB International Menswear Fair (0727 63213)	Earls Court
Sept. 14-16	Coil Winding International '82 (0202 891339)	Wembley Conference Centre
Sept. 19-21	National Bakers' Buying Fair (01-446 2411)	Barbican
Sept. 21-23	Harrogate Fashion Fair (01-637 2400)	Harrogate
Sept. 21-23	Environmental Health Exhibition and Congress (01-637 2400)	Scarborough
Sept 26-28	British Footwear Fair (01-739 2071)	Olympia
Sept 26-29	Fashion Shoes Exhibition (0462 50383)	Kensington Close Hotel
Sept 27-29	Construction Industry International Exhibition and Conference (01-242 3771)	Imperial College, London
Sept 27-Oct 1	Furnaces, Refractories, Heat Treatment and Fuel Economy Exhibition (0737 68611)	NEC, Birmingham

OVERSEAS TRADE FAIRS AND EXHIBITIONS

July 21-24	Security Asia Exhibition (0483 38085)	Hong Kong
July 31-Aug 3	Hamburg Trade Days (0202 732648)	Hamburg
Aug 11-15	International Trade Fair for Hotels, Restaurants, Catering and Food—HOTELRES (01-681 7688)	Bangkok
Aug. 18-21	Business Equipment and Computer Exhibition — COMBEX (0483 38085)	Hong Kong
Aug. 19-21	International Electronic Packaging and Production Equipment Exhibition—INTERNEPCON (0483 38085)	Singapore
Aug. 27-29	International Men's Wear and International Jeans Fair (01-730 4645)	Cologne
Aug. 30-31	Fashion Samples Fair—INTERCHIC (01-749 3061)	Berlin
Aug. 30-Sept. 2	Indro-Perfumery Exhibition (01-486 1951)	Utrecht
Sept. 4-7	Women's Ready-to-Wear Clothing Show (Paris (1) 266-08.40)	Paris
Sept. 11-16	International Public Works Congress and Equipment Show '82 (01-637 2400)	Houston
Sept 14-18	International Electrical Technology Fair—FINNTECH (01-486 1951)	Helsinki
Sept 14-19	International Exhibition for Auto, Motor Car Workshop Services Station and Garage Equipment (01-734 0543)	Frankfurt

BUSINESS AND MANAGEMENT CONFERENCES

July 19-20	IARC: Power and Political Behaviours in Organisations (01-486 6106)	Great Western Hotel, W2
July 27-28	MSS: Finance for the Non-Financial Director (0903 34755)	Worthing
Aug. 23-27	Management Training Consultants: Techniques of supervisory and management training for trainers (0533 27062)	Leicester
Aug. 25	Oyez/IBC: Deep water pipeline technology (01-242 2481)	Norway
Aug. 30-Sept. 1	Management Centre Europe: Developing high performance teams (02 219 03 90)	Brussels
Aug. 31-Sept. 2	FT Conference: Aerospace enters a new era (01-621 1355)	Grosvenor House, W1
Sept. 6-8	Frost and Sullivan: Data communications: advanced concepts and systems (01-486 8377)	Mount Royal Hotel, London
Sept 7-10	Industrial Relations Services: Law for personnel industrial relations and works managers (01-328 4751)	Royal Horseguards Hotel, Ldn
Sept 7	Centre for Extension Studies: Contingency planning for bomb, arson and kidnapping threats (0509 263171)	Loughborough
Sept 9	Oyez/IBC: The art of negotiating (01-242 2481)	Hyatt Carlton Hotel, SW1
Sep. 9-14	The Textile Institute: Textile machinery—Investing for the Future (061-834 8457)	Palace Hotel, Lucerne
Sept 13-15	Concrete Society: International symposium on concrete roads (01-235 6661)	Tara Hotel, W8
Sept 13-14	Frost and Sullivan: Understanding and using CAD/CAM (01-486 8377)	Mount Royal Hotel, W1
Sept 13-15	FT Conference: World Financial Futures (01-621 1355)	London Press Centre EC4
Sept 15	IPS: Currencies—Acquiring the Know-How (0990 23711)	Dragonara Hotel, Bristol
Sept 16-17	Bath University: Technology and product licensing for small and medium-sized firms (0225 61244)	Bath
Sept 21-22	MTC: The skills of interviewing (0533 27062)	Leicester
Sept 21-23	Metal Bulletin Congresses: International Aluminium Congress (01-633 0525)	Monte Carlo
Sept 21-22	Lloyd's of London Press: Charter—parties (01-353 1000)	London Press Centre

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

APPOINTMENTS

New chairman for City Communications Centre

Mr Timothy Bevan, chairman of Barclays Bank will become, on August 1, chairman of the CITY COMMUNICATIONS CENTRE. He succeeds Mr Robin Leigh-Pemberton, chairman of National Westminster Bank. The Centre based in the Stock Exchange building, was established by the City institutions and associations in September 1976 to provide a liaison point for the City itself, a City information and contacts source, and a forum to promote the City's relations with the media, Parliament, industry, schools, trade associations, and all those interested in the Square Mile. It is financed by private sector organisations.

*

DORMAN SMITH SWITCHGEAR has appointed sales director Mr David Hopkins as general manager.

*

Mr Ian Brown has been appointed finance director of TEACHER (DISTILLERS), and joins the boards of its two principal subsidiaries, Wm. Teacher and Sons, Glasgow-based Teacher's Highland Cream Scotch whisky company, and Stewart and Son of Dundee.

*

Mr R. H. Smith has been appointed a director of ICFC LEASING. He remains an assistant general manager of ICFC and a director of ICFC Consultants.

*

The BRITISH CERAMIC MANUFACTURERS' FEDERATION has elected as president Mr J. G. Bellak, managing director of Royal Doulton Tableware, and as vice-president Mr Anthony F. Wood, vice chairman and managing director of Arthur Wood and Son (Longport). Retiring president (who now becomes the deputy-president) is Mr Kenneth L. Shanks (chairman of Armitage Shanks and a director of Blue Circle Industries).

*

Mr Peter Page has been appointed chairman of the new OFFSHORE PETROLEUM INDUSTRY TRAINING BOARD from September 1 when he will take over from Mr Edward Choppen, the chairman of the present Petroleum Industry Training Board. The appointment is for three years. Mr Page was formerly personnel director of Shell UK (Exploration and Production).

*

The AGRICULTURAL MORTGAGE CORPORATION has elected Mr John Page as chairman in succession to Mr John Glyn, who has retired after 18 years in the chair, although he remains a director. Mr Page was an executive director of the Bank of England and previously chief cashier.

*

GRAYSTON has appointed two group divisional managing directors: Mr Kenneth Barnes becomes managing director, crane and plant division; and Mr John M. Young, managing director, scaffolding division. Both are on the Grayston main board.

*

Mr R. Alastair Vartan has been appointed commercial director of DART CONTAINER SERVICES.

*

FIAT AUTO (UK) has appointed Mr Charles Cole to the post of marketing communications manager with responsibility for advertising and promotion for the Fiat and Lancia brands in the UK. For the past six years Mr Cole has been international advertising co-ordinator at company headquarters in Turin.

*

Mr Reg Hartill retires at the end of July as chief electrical engineer of the NATIONAL COAL BOARD, 44 years after joining the mining industry as an apprentice colliery "sparks."

CONTRACTS

CHEMICAL AND THERMAL ENGINEERING, a subsidiary of the Hunt and Moscrop Group, has won two contracts from Egypt to supply the El Nasr Coke and Chemicals Company with plants for the manufacture of anthracine paste and pencil pitch products. The contracts together are worth £1.1m and are expected to be delivered by June 1983.

*

THAMES VALLEY based contractor, HALFACRE AND YOUNG (a member of the Queensgate Securities Group) has work worth £305,000 from Slough Estates Design and Construction for units.

*

A £1.8m contract to build the warehouse at Crewe, Cheshire, which will be the distribution centre of the Wellcome Foundation for the whole of the UK has been awarded to Y. J. LOVELL.

*

TENDERS WORTH a total of almost £400,000 have been accepted by the British Transport Docks Board for civil and electrical engineering works, to be carried out at the rear of No. 7 berth at the board's record-breaking port of Immingham on the Humber. The main contract will be carried out by M. GOULD (SCUNTHORPE) and concentrates on providing an area 200 metres by 50 metres paved in concrete blocks as a back-up area at the rear of No 7 berth.

*

DURING THE last month AIAX (UK) has received orders in excess of £100,000, mainly for large industrial water chillers.

*

RENOLD POWER TRANSMISSION has received an order worth over £80,000 from Loewy Robertson Engineering Company for two gear units to power an aluminium strip coiler and uncoiler at an aluminium mill in South Africa.

This week's parliamentary business

TODAY:

Commons: Supply Debate on the Royal Navy. Aviation Security Bill.

Lords: Criminal Justice Bill, Report. Debate on the 11th report of the EEC on radiation protection.

Select Committees: Home Affairs Sub-Committee on Race Relations and Immigration—Subjects: Racial disadvantage and Commission for Racial Equality; Witness: Mr William Whitelaw, Home Secretary (Room 15, 11 am). Education and Science—Subject: The Second Scrutiny Session 1982. Witness: Sir Keith Joseph, Education and Science Secretary (Room 6, 4.30 pm).

TOMORROW:

Commons: Motions on uprating orders on social security benefits, supplementary benefit, child benefit, family income supplements, pensioners' lump-sum payments and supplementary benefits (requirements and resources). After 7 pm, approx. motion on Industrial Training Board orders; motion on the Rate Support Grant Reduction (Stirling District) 1982-83; motion on EEC document 6168/82 on revenue duty on traditional rum. Administration of Justice Bill, remaining stages.

Lords: Woolworths (Aberdeen Development) Order Confirmation Bill, report. Northern Ireland Bill, Committee. Pool Competitions Act 1971 (Continuance) Order 1982. Short debate on the circumstances of the removal from Britain of Miss Lilli Luczak.

WEDNESDAY:

Commons: Supply debate on developments in the Common Market, July to December 1981 (command No 8525). Motion on the Films (Distribution of Levy) regulations.

Lords: Criminal Justice Bill, Report. Local Government and Planning (Scotland) Bill, Third Reading.

Select Committees: Defence—Subject: The handling of public and press information during the Falklands Islands conflict. Witness, Ministry of Defence (Room 15, 10.30 am). Scottish Affairs — Subject: Prestwick Airport. Witnesses: HM Customs & Excise, British Airways (Room 5, 10.30 am). Treasury and Civil Service sub-Committee — Subject: The structure of personal income tax and income support. Witnesses: Mr Leon Brittan, Chief Secretary of the Treasury, and Sir Brandon Rhys Williams (Room 15, 4.15 pm). Employment: Subject — Employment creation. Witnesses: Association of British Chambers of Commerce, Institute of Directors (Room 6, 4.30 pm). Energy — Subject: Energy Policy. Witness: Mr Nigel Lawson, Energy Secretary (Room 8, 4.30 pm).

THURSDAY:

Commons: Supply debate on the RAF. Motion on the Motor Vehicles (Wearing of Seat Belts) regulations.

Lords: Northern Ireland Bill, Report and Third Reading. Appropriation (No 2) (Northern Ireland) Order 1982: motion for approval. Films (Distribution of Levy) regulations, 1982, motion for approval. Stock Transfer Bill, report. Merchant Shipping (Liner Conferences) Bill, Third Reading. Town and Country Planning (Vauxhall Cross) Special Development Order 1982; motion to be annulled.

Select Committees: Defence—Subject: The handling of public and press information during the Falklands Islands conflict. Witnesses: BBC and ITN (Room 15, 10.30 am).

FRIDAY:

Commons: Debate on the preliminary draft EEC budget for 1983, and the supplementary budget No 1 for 1982.

Lords: Derelict Land Bill, Committee. Supplementary Benefit up-rating regulations and other social security regulations, motions for approval. Criminal Justice Bill, Report (if not completed on Wednesday).

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Assam-Dooars, 1, Hobart Place, SW. 11.00
Bellair Cosmetics, New Rd., Winsford, Cheshire. 11.00
Benlox, Hyatt Carlton Tower Hotel, Cadogan Place, SW. 12.00
Dorankande Rubber Ests., 1/4, Grt Tower St., EC. 12.00
English and Intnl Trust, 117, Old Broad St., EC. 12.00
Gresham House, 24, Austin Friars, EC. 11.00
Jatel, 1, Hobart Place, SW. 10.30
Jermyn Inv. Trust, 4, Bedford St., WC. 10.30
Lendu Rubber Ests., Tubs Hill House, London Rd., Sevenoaks. 12.00
MK Electric, Chartered Accountants' Hall, Moorgate Place, EC. 12.00
Rembia Rubber, Tubs Hill House, London Rd., Sevenoaks. 12.15
Western-Dooars, 1, Hobart Place, SW. 11.30
Whitbread Inv., Chiswell St., EC. 12.30

BOARD MEETINGS—
Finals:
C.H. Industrials
Control Securities
Crown House
Initial
Kinta Kellas Rubber Estates
Rotaprint
Slabe Gorman
Stroud Riley Drummond
Interims:
Alexanders Discount
Scan Data Intnl.

DIVIDEND & INTEREST PAYMENTS—
AE Ord Units 0.8p
Assam-Dooars 6p
Canadian and Foreign Inv Tst 7.15. Do. 15pcPf 1.17pc
Dorankande Rubber Estates 2p
Dubilier 0.7809p
Hill Samuel Grp 5.5p
Industrial Penoles SA de CV Fltg Rate Notes 1989 $413.97
Jatel 4p
Long-Term Credit Bank of Japan NV Gtd Fltg Rate Notes 1988 $774.13
Lynton 21p
M and G Second Dual Tst 3.38p
Marshalls Universal 0.1p
Rowton Hotels 3.85p
Scottish Inv Trust Ord Units 1.7p
Treasury 2pc Index Linked 2006 £1.11
Western Dooars 4p

TOMORROW

COMPANY MEETINGS—
Alliance Inv., 1, Laurence Pountney Hill, EC. 12.30
Allied-Lyons, Chartered Insurance Institute, 20, Aldermanbury, EC. 11.30
Berkeley Exploration, 116, Pall Mall, SW. 12.00
British and American Film, Brook House, 113, Park Lane, W. 12.30
Eastern Produce, St. John Lyon House, 5, High Timber St., EC. 12.00
Pasley-Hattersley, Doncaster Racecourse. 12.00
Whitbread, Chiswell St., EC. 12.00

BOARD MEETINGS—
Finals:
Allied Colloids
Black Arrow
Fuller Smith and Turner
Hogg Robinson
[illegible]

Middlesex. 12.15
Geevor Tin Mines, Pendeen, Penzance, Cornwall. 12.15
Highams, Wood Hook Mills, Accrington, Lancs. 12.30
Holt Lloyd Intnl., Lloyds House, Alderley Rd., Wilmslow, Cheshire. 3.00
London Prudential Inv. Tst., 20, Fenchurch St., EC. 12.45
Samuel (H.), Hunters Rd., Birmingham. 12.00
WGI, Ironmongers Hall, Shaftesbury Place, Barbican, EC. 11.30

BOARD MEETINGS—
Finals:
Associated British Engineering
London Inv. Tst.
Midland Tst.
Interims:
Bank Leumi (UK)
Birmid Qualcast
Drake and Scull
Gestetner
London and Lomond Inv. Tst.
Union Discount Co. of London

DIVIDEND & INTEREST PAYMENTS—
Alliance Investment 1.97p
Allied London Props. 0.275p
British and American Film Ord. 2.306p
Canadian Pacific Enterprises 28cts
Davies and Newman 3p
Dewhurst Dent Ln 3½pc
Eastern Produce 3.22p
English China Clay 3p
Exchequer 10½pc 1995 5¼pc
Fledgeling Inv Db 3½pc
Higsons Brewery Ord Units 0.4p
Hill Samuel Fltg Rate Notes 1992 $78.99
London Prudential Inv Tst 3.05p
Offshore Mining Gtd Fltg Rate Notes 1986 $78.67
Panama (Republic of) Fltg Rate Notes 1991 $788.73
Sweden (Kingdom of) Fltg Fix Rate Bds 1991 $188.27

THURSDAY JULY 22

COMPANY MEETINGS—
Alpine Soft Drinks, Richmond Way, Chelmsley Wood, Birmingham. 12.00
Ambrose Inv. Tst., The Institute of Chartered Accountants, Moorgate Place, EC. 12.30
Austin (E.), Winchester House, London Wall, EC. 12.00
Boots, The Chartered Insurance Institute, 20, Aldermanbury, EC. 11.00
Braby Leslie, Skyway Hotel, Bath Rd., Hayes, Middlesex. 12.00
Brengreen, Grt. Eastern Hotel, Liverpool St., EC. 10.00
Brotherhood (P.), The Great Northern Hotel, Peterborough. 12.00
Butterfield-Harvey, The Connaught Rooms, Grt Queen St., WC. 12.00
Century Oils, Grand Hotel, Trinity St., Hanley, Stoke-on-Trent. 12.00
Country and New Town, 4, Bedford St., Strand, WC. 12.00
Courtaulds, Europa Hotel, Grosvenor Square, W. 10.45
Extel, Extel House, East Harding St., EC. 12.00
Hill (P.), 1, Brewer's Green, Buckingham Gate, SW. 2.15
Kraft Products, 7, Castle St., Bridwater. 2.00
Leigh Interests, Chamber of Commerce, Harborne Rd., Edgbaston, Birmingham. 12.00
[illegible]

Lowe (Robert H.)
South African Land and Exp.
Southvaal
Vaal Reefs Exp. and Mining
Western Deep Levels

DIVIDEND & INTEREST PAYMENTS—
Ambrose Inv Tst Income 4.5p
Boots 5.825p
Derflend Stamping 5.3p
Exchequer 7¾pc 1987 3⅞pc. Do. 13¼pc 1987 A £4.7361. Do. 12pc 1999-2002 6pc
Leigh Interests 3.6p
Lake and Elliot 1p
London and Lennox Inv Tst 1.4p
Morgan (J.P.) Idr's 85cts
Sketchley 7.3p
Small (John C.) and Tidmas 0.5p
Sound Diffusion 0.7245p
Treasury Ln 13¼pc 1997 6⅝pc. Do. 12¼pc 1992 6⅛pc
Treasury Stk 14pc 1996 7pc. Do. 11¼pc 2003-07 5⅝pc

FRIDAY JULY 23

COMPANY MEETINGS—
Anglo-Indonesian, 123, Kennington Rd., SE. 12.00
Beechwood Construction, Dragon Hotel, Swansea. 12.00
Billam (J.), Royal Victoria Hotel, Sheffield. 12.00
Brent Walker, 23, Tower Place, Tower Hill, EC. 4.00
Caffyns, Central Library, Eastbourne. 3.00
Chamberlain and Hill, Chuckery Foundry, Walsall. 12.00
Downs Surgical, Selfridge Hotel, Orchard St., W. 3.00
Garford-Lilley, Grt. Northern Hotel, Kings Cross, N. 11.30
Globe Inv Tst., Electra House, Temple Place, Victoria Embankment, WC. 12.00
Glossop, Vale Road, Tonbridge, Kent. 11.30
Heron Corp., Heron House, 19, Marylebone Rd., NW. 12.00
Lancs. Bower Hotel, Hollingwood Ave., Chadderton, Nr Oldham. 2.30
Readicut Intnl., Institute of Directors, 116, Pall Mall. 12.30
Scott's Restaurants, 11, Mansfield Street, W. 10.00
Stewart Nairn, Winchester House, 100, Old Broad St. 10.30
Sumrie Clothes, Berkeley Rd., Harehills, Leeds. 2.00
Walker (C. and W.), Union Chambers, 63, Temple Row, Birmingham. 11.00
West Bromwich Spring, Chamber of Commerce, Harborne Road, Birmingham. 12.00
Yorkshire Fine Woollen Spinners, Dobroyd Mills, Jackson Bridge, New Mill, nr. Huddersfield. 12.00
York Trailer, Yafforth Rd., Northallerton, North Yorks. 3.00

BOARD MEETINGS—
Finals:
Arlington Motor
Brown (John)
East of Scotland Onshore
Old Swan Hotel (Harrogate)
Interims:
Allied Textile
Brooke Tool Engng.
Lloyds Bank
Moorside Tst.
St. Andrew Tst.
[illegible]

INSURANCE

Report calls for end to state pensions

BY ERIC SHORT

A CALL for the "privatisation" of pensions in the UK and for an end to state involvement in pension provision came this weekend from the Adam Smith Institute. Such a move would be of great benefit to life companies operating in this country.

In a report to the Secretary of State for Health and Social Security, the institute adds its voice to the growing band of people concerned with the problem of state pensions.

The institute sees five areas of difficulty in the present system: finance, taxation, the effect on employers, the political factor, and lack of consumer choice—though the first four are very much interrelated.

The difficulties, as the institute sees them, stem from the rising cost of providing pensions. This results both from political pressures to raise benefit levels and from demographic changes which result in a higher proportion of the elderly having to be supported by a declining proportion of the working population.

Since the present method of meeting pension costs is a transfer payment system, with the employed directly supporting the retired, these pension costs can only be met by higher national insurance contributions and greater taxation, with the cost burden being concentrated on employers.

Solutions

The institute regards national insurance contributions as a tax on employment. It foresees tax increases rising to a level that will be regarded both by the working population and by employers as intolerable.

The report then considers the traditional solutions put forward which include reducing benefit levels, increasing revenues and introducing later retirement. It argues that such solutions could not be expected to succeed because they require making and seeing through politically unpopular decisions.

The institute considers that only the involvement of the private sector can save the pensions system in Britain; and it takes as its model the present system operating in Chile.

Until a year ago, Chile had one of the most complex pension systems in the world and was facing the problems that could face the UK. The institute claims that various attempts to reform that system came to nothing because of the entrenched vested interests of certain sections of the population.

Then in May 1981 the Chilean authorities brought about a fundamental reform that took pensions out of the political arena and placed them on an economic footing by a rapid introduction of the private sector.

The report describes how the Chilean private pension system operates and advocates a very similar model for Britain.

Essentially, the institute envisages individuals saving for their own pension, putting aside at least 10 per cent of their earnings towards it. Savings would be made in specially established pension companies, as in Chile, which would be responsible for investing the contributions. At retirement, people would get their pensions by buying annuities from life companies.

Benefit

This system is very similar to that applying to the self-employed in the UK except that there is no compulsion.

The report claims that "privatisation" would benefit all sectors of the community. Individuals would have their own personal pension plan providing choice and flexibility, and would avoid the present loss of pension rights when changing jobs. Employers would benefit by the removal of an increasingly onerous payroll tax. Government would benefit by having pensions taken out of the political arena.

The report avoids any mention of UK life companies providing these investment services; indeed, it emphasises that separate pension companies would be established. Nevertheless, life companies already fulfil a very similar role for the self-employed and for employees wishing to top up on state benefits.

If the institute's idea is to be taken seriously — and the report glosses over the difficulties — then life companies could readily fulfil the role of pension companies with a minimum of organisation. They are already adequately supervised by the Department of Trade.

Privatising Pensions, the Adam Smith Institute, 50 Westminster Mansions, Little Smith Street, London SW1 P3DQ.

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

HONG KONG

JAPAN

NORWAY

ITALY

AUSTRALIA

GERMANY

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.79½ (Discount of 8½%)

BRAZIL

High	Low		July 16	Price Cruz
15.6	4.63	Unip PE		8.05
18.00	7.6	Vale Rio Doce		15.40

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AUSTRIA

BELGIUM/LUXEMBOURG

FRANCE

SWEDEN

SWITZERLAND

DENMARK

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

(**) Saturday July 10: Japan Dow 7104.48, TSE 503.15.

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Oxfam's aid totals £100m

OXFAM has allocated £100m in aid overseas since its foundation in October 1942, said Sir Geoffrey Wilson, the charity's chairman, at the weekend. Addressing Oxfam's annual meeting in Oxford, he said the founders of the organisation "would have been amazed" if they had known how large an organisation they had launched.

Reporting on Oxfam's activities in 1981-82, Sir Geoffrey said more than £10m was sent in 1,350 projects in 83 countries and 16 per cent of grants was spent in emergencies—natural and man-made.

He said that despite economic recession, central fund raising had brought in £6m. But the recession had hit Oxfam shop in- [illegible] £5.5m was simi- [illegible] year

CURRENCIES, MONEY and GOLD

MONEY MARKETS

Banks take the plunge

Large daily credit shortages continued to afflict the London money market last week, possibly delaying slightly the fall in clearing bank base rates. While the banks may have been reflecting on their worsening position against the building societies in competing for deposits, other members of the market were beginning to worry about a Catch 22 situation as the rate for seven-day money remained stubbornly around the 12¾ per cent level because of the shortage of day-to-day money, giving the banks a ready-made excuse not to cut base rates.

At the same time the constant cuts in Bank of England bill dealing rates had left the market in no doubt that a cut in base rates was strongly favoured by the authorities.

This in turn made the discount houses very reluctant to sell high-yielding bills outright to relieve credit shortages. A situation which led to large amounts of bills moving around under repurchase agreements, which simply rolled the shortages forward, adding to the problems of covering the market's deficit as the repurchase agreements unwound.

Last week's total shortage was over £2.5bn, and nearly half that figure was the result of unwinding repurchase agreements, but Tuesday's cut in base rates should lead to a marked improvement in the situation. There is only one repurchase agreement due to expire this week—£200m on Thursday. This was entered into last Monday, but since the base rate cut and the reduction in the cost of borrowed money to the discount houses, official intervention has returned to the normal pattern of outright bill purchases.

In the two weeks since the beginning of July rates have fallen by a uniform ½ per cent. Base rates have been cut to 12 per cent from 12½ per cent; band 1 bill dealing rates to 12⅛ per cent from 12⅝ per cent; three-month interbank to 12½ per cent from 13 per cent; and now that base rates are lower seven-day interbank is down by almost as much to 12 1/16 per cent from 12⅞ per cent.

This week's reaction to the expected mid-July U.S. M1 money supply "bulge" may give an indication of how soon and by how much London rates can continue to fall.

WEEKLY CHANGE IN WORLD INTEREST RATES

	July 16	change		July 16	change
LONDON			**NEW YORK**		
Base rates	12	—½	Prime rates	16½	Unch'd
7 day interbank	12⅝-12¾	—⅛	Federal funds	12½-19¾	—¼
3 mth interbank	19½-12⅝	Unch'd	3 mth Treasury Bills	11.30	—0.56
Treasury Bill Tender	11.6332	—0.1158	6 Mth. Treasury Bills	11.80	—0.46
Band 1 Bills	12⅛	—⅜	3 Mth. CD	14.25	+0.05
Band 2 Bills	12	—⅜	**FRANKFURT**		
Band 3 Bills	11⅞	—⅜	Lombard	9.0	Unch'd
3 Mth. Treasury Bills	11 13/16-11¼	—⅛	One Mth. Interbank	9.40	—0.05
1 Mth. Bank Bills	19 1/16	—1/16	Three month	9.45	—0.10
6 Mth. Bank Bills	11¾	—3/16	**PARIS**		
TOKYO			Intervention Rate	14¾	Unch'd
One month Bills	7.28125	—0.0625	1 Mth. Interbank	14¾	—¼
Three month Bills	7.28125	Unch'd	Three month	14 11/16	+⅛
BRUSSELS			**MILAN**		
One month	15⅛	Unch'd	One month	19 11/16	—⅛
Three month	12¼	—1/16	Three month	90 1/16	Unch'd
AMSTERDAM			**DUBLIN**		
One month	8 1/16	—⅛	One month	18⅝	—1 1/16
Three month	9⅛	—1/16	Three month	18 1/16	—1/16

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. * Band 4 11¾.

BANK OF ENGLAND TREASURY BILL TENDER

	July 12	July 9		July 16	July 9
Bills on offer	£100m	£100m	Top accepted rate of discount	11.6619%	11.7993%
Total of applications	£565.76m	£417.445m	Average rate of discount	11.539%	11.7492%
Total allocated	£100m	£100m	Average yield	11.98%	12.10%
Minimum accepted bid	£56.9m	£97.06	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	60%	6%			

FT LONDON INTERBANK FIXING

3 months U.S. dollars	
bid 14 15/16	offer 14 15/16

6 months U.S. dollars	
bid 16 3/16	offer 15 0/16

The fixing rates (July 2) are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 16 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	12¼-15½	12¼-12⅝	—	—	12⅛-12¾	11-12	—	—	—
2 days notice	—	—	12¼-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅜-12¾	12¼-12⅝	—	—	12¾-12⅞	12	—	—	—
One month	12½-12⅝	12 9/16-12⅝	12½	13-12⅝	12½	12⅞	19	12 1/16-12 1/16	12 1/16	12¾
Two months	12½-12 7/16	12½-12⅝	—	12⅞-12½	12 7/16	12⅞	11¾-12	11⅞	11⅞	12½
Three months	12⅜-12¼	12¼-12⅝	12 7/16	12⅞-12½	12 5/16	12⅞	11⅞	11 13/16-11¾	11¾	12½
Six months	12⅝-12¼	12½-12⅝	12 7/16	12¼-12⅞	12 5/16	—	—	—	11 9/16-11 11/16	12 5/16
Nine months	12⅜-12¼	12½-12⅝	—	12⅝-19¼	12⅝	—	—	—	—	—
One year	12⅝-12¼	12 5/16-12 11/16	19½	19⅝-12¼	12⅜	—	—	—	—	—
Two years	—	—	15⅛	—	—	—	—	—	—	—

Local authorities and finance house seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13 per cent; four years 13¼ per cent; five years 13¼ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¾-11 23/32 per cent; four months trade bills 12⅛ per cent.

Approximate selling rate for one month Treasury bills 11⅞-11 27/32 per cent; two months 11¾ per cent; three months 11 23/32-11⅝ per cent. Approximate selling rate for one month bank bills 11 31/32-12 per cent; two months 11¾-11 23/32 per cent and three months 11⅝-11 23/32 per cent; one month trade bills 12½ per cent; two months 12¼ per cent; three months 12¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12 per cent. London Clearing Bank Deposit Rates for sums at seven days notice 8 per cent. Treasury Bills: Average tender rates of discount 11.6339 per cent. Certificates of Deposit (Series 5) 12¾ per cent from July 13. Deposits withdrawn for cash 10½ per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12½-12⅝	13-13¼	15½-19½	8 11/16-2	½-1	6⅝-6¾	14⅝-14⅞	17½-19	14-15	14⅞-15½	7-7¼	14¼-14⅝
7 day's notice	12½-12⅝	13½-13¾	15½-16½	8 11/16-9	1-1½	8 11/16-8 13/16	14⅝-14⅞	18¾-20¼	14¼-19¼	15-15¼	7½-7¼	14½-14⅞
Month	12 7/16-12 9/16	13 13/16-14 1/16	16¼-16½	2 1/16-8 13/16	5⅝-3⅞	6⅞-9	14⅝-14⅞	19½-20¼	14¼-15¼	15-16¼	7⅛-7¼	13¾-14⅛
Three months	12½-12⅝	14 1/16-14 5/16	16⅜-16⅝	9 1/16-9 5/16	4¼-4⅜	9-9½	16⅞-16⅛	20⅜-21	14½-15½	15⅛-16⅜	7½-7⅝	15-15⅜
Six months	12 9/16-12 11/16	15 15¼	16 13/16-17 1/16	9 5/16-9 7/16	6⅝-5⅞	2¼-9⅜	16¾-17⅛	20⅜-21	14¾-15¾	16⅛-16⅜	7½-7⅝	16⅜-16¾
One Year	12 9/16-12 11/16	14⅞-16⅛	16⅞-17⅛	9½-9⅝	5 7/16-5 9/16	9¼ 9⅝	17½-16	21¾-22⅜	14¾-16¾	14⅞-15⅛	7¼-7⅝	17-17⅝

SDR linked deposits: one month 12 11/16-12 13/16 per cent; three months 12 9/16-12 15/16 per cent; six months 12⅞-13⅛ per cent; one year 12 15/16-13 5/16 per cent.

ECU linked deposits: one month 12-12⅛ per cent; three months 12-12⅞ per cent; six months 12⅞-13¼ per cent; one year 13-13⅜ per cent.

Asian $ (closing rates in Singapore): one month 14¼-14⅜ per cent; three months 14 13/16-14 15/16 per cent; six months 15 7/16-15 9/16 per cent; one year 15 7/16-15 9/16 per cent. Long-term Eurodollar: two years 15-15¼ per cent; three years 15⅜-15⅝ per cent; four years 15¼-15½ per cent; five years 15⅛-15½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 13.70-13.80 per cent; three months 14.20-14.30 per cent; six months 14.45-14.55 per cent; one year 14.50-14.60 per cent.

CURRENCIES AND GOLD

Dollar weaker

The dollar weakened in nervous foreign exchange trading last week. Trading was at a fairly low level ahead of the weekly money supply figures, with the U.S. currency holding up well despite the lower trend in Euro-dollar interest rates. Three and six-month Eurodollars fell by about ¾ per cent, and the Federal funds overnight rate was little changed at around 13 per cent. But most interest centred on the M1 money supply figure, and the anticipated mid-July "bulge." Market estimates pointed to a rise of between $4bn and $10bn, although any figure near the lower end of the range could be expected to push the U.S. currency down today.

The dollar was easier at DM 2.4775 compared with DM 2.4865 against the D-mark, and fell to SwFr 2.1025 from SwFr 2.1090 against the Swiss franc; to FFr 6.8850 from FFr 6.8990 in terms of the French franc; and to Y254 from Y254.95 against the Japanese yen.

Sterling failed to gain any advantage from fears of disruption to Middle East oil supplies following the Iranian advance into Iraq and the general instability in the region. Better than expected UK inflation figures also had little impact, with the pound easing as London interest rates declined, and fears grew about further disruptions within the labour movement as the rail strike finished its second week.

The pound's trade-weighted index, on Bank of England figures, fell to 90.8 from 91.2. It fell to $1.7225 from $1.7260 against the dollar; to DM 4.27 from DM 4.2925 against the D-mark; to FFr 11.8550 from FFr 11.91 against the French franc; to SwFr 3.6250 from SwFr 3.64 in terms of the Swiss franc; and to Y437.50 from Y440.25 against the yen.

There were few changes within the European Monetary System, and all the member currencies remained well within official divergence limits.

Gold rose $17 to $345 in the London bullion market. The conflict between Iran and Iraq boosted the price of the metal, which also rose on the easier trend in U.S. interest rates.

THE DOLLAR SPOT AND FORWARD

July 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7140-1.7240	1.7220-1.7230	0.20-0.30c dis	—1.74	0.95-1.05dis	—2.32
Ireland†	1.3805-1.3830	1.3806-1.3830	0.44-0.34c pm	3.38	1.24-1.04 pm	3.30
Canada	1.2645-1.2660	1.2645-1.2655	0.22-0.25c dis	—2.23	0.50-0.53dis	—1.63
Nethlnd.	2.7400-2.7536	2.7400-2.7430	1.30-1.20c pm	5.46	3.98-3.88 pm	5.73
Belgium	47.34-47.52	47.34-47.36	par-2c dis	—0.25	par-3 dis	—0.13
Denmark	8.5875-8.6230	8.5875-8.5925	0.65-0.40ore pm	0.73	par-0.50dis	—0.11
W. Ger.	2.4760-2.4970	2.4770-2.4780	1.12-1.07pf pm	5.30	3.53-3.48 pm	5.66
Portugal	84.85-85.15	84.90-85.15	40-140c dis	—12.70	90-380 dis	—11.05
Spain	112.55-112.75	112.65-112.75	50-60c dis	—5.86	1.70-1.90dis	—6.39
Italy	1,386-1,394½	1,385-1,388	6-7 lire dis	—5.60	19-20½ dis	—5.67
Norway	6.3640-6.3780	6.3640-6.3690	1.75-2.15ore dis	—3.67	2.00-2.40dis	—1.38
France	6.8775-6.9450	6.8825-6.8875	0.30-0.50c dis	—0.70	1.75-2.25dis	—1.16
Sweden	6.1510-6.1610	6.1510-6.1530	0.10-0.30ore dis	—0.39	0.30-0.50dis	—0.26
Japan	253.70-256.50	253.95-254.05	1.57-1.49y pm	7.23	4.55-4.45 pm	7.09
Austria	17.52¼-17.54½	17.52¼-17.52¾	9¼-8¼gro pm	8.25	28-25 pm	8.05
Switz.	2.1020-2.1270	2.1020-2.1030	1.97-1.89c pm	11.01	5.57-6.49 pre	10.52

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

July 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7140-1.7240	1.7220-1.7230	0.20-0.30c dis	—1.74	0.95-1.05dis	—2.32
Canada	2.1690-2.1790	2.1755-2.1765	0.75-0.85c dis	—4.41	2.28-2.38dis	—4.28
Nethlnd.	4.70-4.75	4.70-4.71	1⅝-1¼c pm	3.83	4⅝-3⅝ pm	3.40
Belgium	81.30-81.90	81.50-81.60	10-20c dis	—2.21	47-57 dis	—2.55
Denmark	14.75-14.85	14.78-14.79	1-1⅞ore dis	—1.17	8⅜-8½ dis	—2.38
Ireland	1.2350-1.2485	1.2355-1.2365	0.48-0.61p dis	—5.29	1.61-1.85dis	—5.60
W. Ger.	4.26-4.30	4.26½-4.27½	1½-1pf pm	3.51	3⅞-3⅝ pre	3.40
Portugal	145.50-146.75	146.00-146.50	65-245c dis	—12.72	205-735dis	—12.85
Spain	193.20-194.20	193.70-193.90	105-130c dis	—7.28	405-460 dis	—9.82
Italy	2,391-2,399	2,394-2,396	13-16 lire dis	—7.27	45½-48½dis	—7.85
Norway	10.93-10.99	10.95-10.96	5⅝-6⅛ore dis	—6.23	10⅝-11⅛dis	—4.08
France	11.84½-11.96	11.85-11.86	2-3c dis	—2.53	9⅞-10⅞ dis	—3.48
Sweden	10.56-10.60	10.58½-10.59½	1⅝-2⅝ore dis	—1.98	5⅝-6⅛ dis	—2.20
Japan	436-442	437-438	2.10-1.80y pm	5.35	5.50-5.25 pm	4.91
Austria	30.00-30.30	30.03-30.08	12½-9½gro pm	4.39	30½-24 pm	3.64
Switz.	3.61½-3.68	3.62-3.63	3-2¾c pm	9.10	7½-7 pre	8.00

Belgian rate is for convertible francs. Financial franc 86.40-86.50. Six-month forward dollar 2.03-2.13c dis, 12-month 3.70-3.90c dis.

GOLD MARKETS

	July 16		July 15	
Gold Bullion (fine ounce)				
Close	$344½-345½	(£200⅛-201)	$349½-350½	(£203¼-203¾)
Opening	$343-344	(£199½-200)	$346½-347½	(£200¾-201¼)
Morning fixing	$346¾	(£200.926)	$347¾	(£201.594)
Afternoon fixing	$347	(£201.990)	$350¼	(£203.634)

Gold Coins July 16

Krugrnd	$355-355¼	(£206¼-206⅝)	King Sov	$87-89	(£50½-51½)
½ Krug	$183-184	(£106¼-106⅝)	Victoria Sov	$87-89	(£50½-51½)
¼ Krug	$93¼-93¾	(£54⅛-54½)	French 20s	$71.9-82.1	(£41¾-47⅝)
1/10 Krug	$38-39	(£22-22⅝)	50 pesos Mex.	$423.4-425.9	(£246-247½)
Mapleleaf	$355-356	(£206¼-206¾)	100 Cor. Aust	$337.5-339.9	(£196-197½)
New Sov	$82-82½	(£47⅝-48)	$20 Eagles	$390-400	(£228½-232⅜)

OTHER CURRENCIES

July 16	£	$		£ Note Rates
Argentina Peso	†34,779	20,250	Austria	30.00-30.50
Australia Dollar	1.6990-1.7010	0.9678-0.9885	Belgium	86.60-87.60
Brazil Cruzeiro	301.57-302.57	176.40-176.28	Denmark	14.75-14.89
Finland Markka	8.2083-8.2182	4.7610-4.7630	France	11.87-11.97
Greek Drachma	120.822-121.237	70.25-70.45	Germany	4.26½-4.30½
Hong Kong Dollar	10.08½-10.11½	5.8800-5.8900	Italy	2360-2400
Iran Rial	*146	*84.70	Japan	441-446
Kuwait Dinar KD	0.4935-0.4945	0.28740-0.28760	Netherlands	4.70¼-4.74¼
Luxembourg Fr.	81.50-81.60	47.34-47.36	Norway	10.90-11.00
Malaysia Dollar	4.04½-4.05½	2.3560-2.3590	Portugal	143-160
New Zealand Dlr.	2.3240-2.3290	1.3534-1.3552	Spain	185-194
Saudi Arab. Riyal	5.9045-5.9190	3.4385-3.4405	Sweden	10.53-10.63
Singapore Dollar	3.69¼-3.69¾	2.1505-2.1595	Switzerland	3.63-3.67
Sth. African Rand	1.9907-1.9942	1.1491-1.1494	United States	1.71-1.73
U.A.E. Dirham	6.3050-6.3140	3.6720-3.6740	Yugoslavia	82-85½

* Selling rate.

† Rate shown for Argentina is commercial. Financial rate: 63,650-63,950 against sterling 36,700-36,750 against dollar.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.7225	1.7250	1.7235	1.7433	1.7605
D-Mark	4.27	4.2588	4.2664	4.1874	4.1458
French Franc	11.8550	11.8800	11.8575	12.1039	12.3891
Swiss Franc	3.6250	3.5975	3.5525	3.4958	3.3884
Japanese Yen	437.5	435.6	432.1	427.1	416.4

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0089	+0.09	—0.09	±1.5501
Danish Krone	8.23400	8.17741	—0.69	—0.87	±1.6430
German D-Mark	2.33379	2.36273	+1.24	+1.06	±1.0888
French Franc	6.61387	6.57416	—0.60	—0.78	±1.3940
Dutch Guilder	2.57971	2.60578	+1.01	+0.83	±1.5004
Irish Punt	0.691011	0.686386	—0.67	—0.85	±1.6691
Italian Lira	1350.27	1320.66	—2.12	—2.19	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

July 16	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.8	—39.4
U.S. dollar	191.0	+19.2
Canadian dollar	87.1	—19.9
Austrian schilling	112.9	+25.6
Belgian franc	94.9	—1.9
Danish kroner	82.0	—14.9
Deutsche mark	194.5	+49.5
Swiss franc	144.8	+96.1
Guilder	115.7	+25.2
French franc	76.5	—20.2
Lira	53.6	—58.5
Yen	135.0	+96.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 16	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.632522	0.562022
U.S. $	12	1.08672	0.947557
Canadian $	16.17	*	1.19961
Austria Sch.	6¾	19.0544	16.6296
Belgian F.	14	51.5954	45.0089
Danish Kr.	11	9.66434	8.17741
D mark	7½	2.70769	2.36975
Guilder	9	2.98519	2.60578
French Fr.	9⅛	7.53707	6.57416
Lira	19	1513.22	1390.66
Yen	5½	279.324	242.574
Norwgn. Kr.	9	6.92689	6.04304
Spanish Pts.	8	122.620	106.867
Swedish Kr.	10	3.68692	2.84121
Swiss Fr.	5½	9.30585	2.01537
Greek Dr'ch.	20½	76.2067	66.5090

* C$/SDR rate for July 15: N/A.

EXCHANGE CROSS RATES

July 16	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.793	4.270	437.5	11.86	5.625	4.705	2595.	9.172	61.56
U.S. Dollar	0.581	1.	9.479	254.0	6.882	2.104	2.761	1590.	1.263	47.34
Deutschemark	0.254	0.406	1.	102.5	2.776	0.849	1.102	560.9	0.510	19.10
Japanese Yen 1.000	2.286	3.937	9.760	1000.	27.10	2.286	10.76	5474.	4.974	166.4
French Franc 10	0.844	1.453	3.602	359.0	10.	3.058	3.969	2020.	1.836	68.72
Swiss Franc	0.276	0.475	1.172	120.7	3.270	1.	1.299	660.7	0.600	22.50
Dutch Guilder	0.213	0.366	0.206	92.99	2.520	0.770	1.	509.0	0.462	17.33
Italian Lira 1,000	0.412	0.719	1.783	182.7	4.950	1.614	1.965	1000.	0.209	34.05
Canadian Dollar	0.460	0.792	1.269	201.1	5.448	1.666	9.169	1101.	1.	34.48
Belgian Franc 100	1.226	9.112	6.236	666.5	14.54	4.445	6.769	9937.	9.668	100.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	[illegible]	[illegible]	—	—
Equity Fund	[illegible]	[illegible]	—	—
Property Acc.	[illegible]	[illegible]	—	—
Equity Acc.	[illegible]	[illegible]	—	—
Selective Fund	[illegible]	[illegible]	—	—
Money Fund	[illegible]	[illegible]	—	—
Convertible Fund	[illegible]	[illegible]	—	—
Prop. Fd. Ser. 4	[illegible]	[illegible]	—	—
Equity Ser. 4	[illegible]	[illegible]	—	—
Man. Ser. 4	[illegible]	[illegible]	—	—
Money Ser. 4	[illegible]	[illegible]	—	—
Conv. Ser. 4	[illegible]	[illegible]	—	—
Fixed Int. Fd. Ser. 4	[illegible]	[illegible]	—	—
American Ser. 4	110.9	[illegible]	+1.2	—
High Inc. Ser. 4	[illegible]	[illegible]	—	—
Indexed Inv. Series 4	[illegible]	[illegible]	—	—
Pension Property	[illegible]	136.7	—	—
Pension Equity	[illegible]	[illegible]	—	—
Pension Selective	[illegible]	[illegible]	—	—
Pension Managed	[illegible]	[illegible]	+0.2	—
Pension Security	[illegible]	[illegible]	—	—
Pension Fixed Int.	[illegible]	[illegible]	+0.4	—
Pension Indexed Inv.	[illegible]	[illegible]	—	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	318.6	335.3	+0.1	—
Fixed Int. Acc.	200.1	211.2	+0.4	—
Gtd. Money Fd. Ac.	157.2	165.5	+0.1	—
Intl. Man. Fd. Acm.	139.9	147.2	+0.4	—
Intl. Fxd. Int. Fd.	109.0	114.7	+0.3	—
Prop. Fd. Acc.	159.8	168.1	—	—
M'ple Inv. Acc.	249.3	262.4	+0.4	—
Equity Pen. Fd. Acc.	437.2	460.2	+0.5	—
Fixed I. Pen. Acc.	326.1	343.3	+1.0	—
G'td. Mon. Pen. Acc.	218.6	230.1	+0.2	—
Intl. Mn. PnFdAcc.	161.2	169.7	+0.5	—
Prop. Pen. Acc.	211.1	222.2	—	—
M'ple Inv. Pen. Acc.	361.9	380.9	+0.6	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Crown Life—Continued

St. George Mangd. Fd.	110.7	[illegible]	+0.5	—
Lincs & Gen. Fd.	114.8	[illegible]	-1.4	—
Sage Fd.	85.5	[illegible]	+1.1	—
Heritage Fd.	99.3	[illegible]	+1.1	—
DBS Managed	104.2	[illegible]	+0.8	—
Crown. Brit. Inv. A.		217.2	—	—
Pens. Mixed. Fd.	149.7	[illegible]	—	—
Pens. Mang'd. Acc.	111.6	[illegible]	—	—
Pens. Mang'd. Init.	107.5	[illegible]	—	—
Pens. Equity Acc.	100.8	[illegible]	—	—
Pens. Equity Init.	96.8	[illegible]	—	—
Pens. Fxd. Int. Acc.	109.7	[illegible]	—	—
Pens. Fxd. Int. Init.	105.6	[illegible]	—	—
Pens. Money Acc.	109.6	[illegible]	—	—
Pens. Money Init.	105.3	[illegible]	—	—

Crusader Insurance PLC
Tower Hse. 38 Trinity Sq. EC3N 4DJ 488 2323

Growth Prop July 6.	101.1	111.2	—	—
Managed Pens. June 9.	117.24	123.40	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	78.9	81.8	+0.2	6.08

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	186.8	196.6	—	—
Higher Inc. Fund	119.6	125.9	—	—
Property Fund	192.3	202.4	—	—
Fixed Interest Fund	145.1	152.7	—	—
Index Linked Secs Fnd.	93.5	98.4	—	—
Gtd. Deposit Fund	136.1	143.2	—	—
Nth. America Fund	105.0	110.5	—	—
Far East Fund	81.8	86.1	—	—
International Fund	96.8	101.8	—	—
Mixed Fund	167.7	176.5	—	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	186.2	195.9	-8.5	—
Ind. Pen. Property	145.6	153.3	+1.6	—
Ind. Pen. Fixed Int.	140.5	148.3	+2.7	—
Ind. Pen. Index Lk. Sec.	102.8	108.2	-0.1	—
Ind. Pen. Overseas	146.0	153.6	+1.0	—
Ind. Pen. Cash	136.9	144.1	+0.5	—
Ind. Pen. Balanced	153.3	161.3	-0.6	—

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22Mar	22S	Exch. 9¼pc 1982	99⅛	[illegible]	9.31	12.46
5Jul	5Ja	Exch. 8¾pc 1983	98¾	[illegible]	8.86	11.46
21Aug	21F	Exch. 3pc 1983	95⅝xd	[illegible]	3.14	10.84
17S	17Mar	Treasury 12pc 1983‡‡	99¾	[illegible]	12.03	12.27
18Ja	18Jul	Treasury 9½pc '83	97⅞xd	[illegible]	9.45	11.56
22May	22N	Exch. 13½pc '83	101½	[illegible]	13.30	12.15
12Jun	12D	Exch. 10pc 1983	98⅜	[illegible]	10.17	11.24
15Jul	15Ja	Funding 5½pc '82-84‡‡	95¼xd	[illegible]	5.77	8.95
20Aug	20F	Exch. 11¼pc 1984	99½xd	[illegible]	11.31	12.62
22N	22May	Exchequer 14pc 1984	102⅝	[illegible]	13.64	12.31
19D	19Jun	Exch. 3pc 1984	89½	[illegible]	3.35	9.08
26Mar	26S	Treasury 12pc 1984	99¼	17.2	12.09	12.33
22Aug	22F	Treasury 15pc 1985	105	18.1	14.29	12.70

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	66	1.1	7.57	12.43
1M	1S	Met. Wtr. 3pc 'B'	30¼	1.3	10.11	12.66
30J	31D	U.S.M.C. 9pc 1982	106xd	—	8.49	—
30J	31D	Do. without Warnts.	100xd	—	9.00	—

LOANS—Continued

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
20J	20D	FFI 14pc '83	100¼	20.5	13.89	13.38
31M	30S	FFI(UK Fa)6½pcDb. '80-2	100	15.2	5.50	13.55
31M	30N	Do. 6¾pcDb. '81-84	89½	30.11	7.09	12.20
11Ja	11J	Do. 10¾pc Uns.Ln. '86	92½xd	7.12	11.35	13.20
11Ja	11J	Do. 11pc Uns.Ln. '88	88½xd	7.12	12.43	13.50
11Ja	11J	Do. 11¼pc Uns.Ln. '90	88½xd	11.1	11.28	14.30
14Mr.	14S	Do. 12½pc Un. Ln. 1992	94	15.2	13.90	14.50
30J	31D	Do. 7¼pcADeb. '89-92	64xd	31.12	11.33	14.00
31M	30S	Do. 7¼pcADeb. '91-94	64	15.2	11.71	13.60
31M	30S	Do. 9pc 'A' '91-94	74	15.2	12.65	13.90
31A	28F	Do. 8¾pcLn. '92-97	70½	—	13.27	14.33

Building Societies

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
3F. 8 Aug.	Nat'wde 14¾pc 11.8.82	100½xd	12.7	14.73	12.87
17F. 25 Aug.	Do. 14¾pc 25.8.82	99⅞	17.2	14.77	15.64
21 Mar. 29S	Do. 15⅜pc 29.9.82	100¼	12.3	15.34	13.40
19 Apr. 27 O	Do. 16¼pc 27.10.82	100½	11.6	16.17	15.72
16 May 24 N.	Do. 15⅜pc 24.11.82	100½	—	15.30	13.34
7 June 15 D	Do. 15¼pc 13.12.82	100⅝	—	15.15	13.33
—	Do. 16¼pc 17.1.83	101½xd	—	16.01	12.87
—	Do. 15⅝pc 7.2.83	101⅝xd	—	15.36	12.22
—	Do. 14¼pc 14.3.83	100¼	—	14.21	15.86
—	Do. 14¼pc 4.4.83	100⅛	—	14.20	13.69
—	Do. 14¾pc 25.4.83	100¾	—	14.64	13.79
—	Do. 13⅞pc 25.5.83	100⅜	—	13.82	13.40

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Aug.	Feb.	Bk.Leumi (UK)£1	190	17.5	16.15	—	7.6	—
Jan.	July	Bk. N.S.W. SA1	145	21.6	024c	2.9	9.9	3.5
Nov.	May	Bank Scotland £1	352	30.4	21.0	4.5	8.5	2.8
Apr.	Oct.	Barclays £1	376	15.3	22.0	5.1	8.4	3.0

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov.	May	Falcon Rh.50c	90	1.5	Q25c	10.3	20.7
Nov.	May	Wankie Col. Z$1	19	19.4	Q3c	1.2	12.8
—		Zam.Cpr.SBD0.24	15	980	—	—	—

Australian

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		ACM 20c	13	—	—	—	—
—		Argosy Gold NL 25c	2½	—	—	—	—
—		Bond Corp.	59	—	φ010c	2.9	20.9
Nov.	Apr.	Bougainville I Kina	67	7.3	Q6½c	1.2	5.9
May	Nov	CRA 50c	170	15.3	Q5c	—	1.8
—		Carr Boyd 20c	13	—	—	—	—
—		Central Pacific	28	—	—	—	—
—		Crusader Oil	250	—	—	—	—

Tins

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Anglo-Dominion	21	—	—	—	—
	May	Burma Mines 10p	12	30.4	0.55	1.0	6.5
—		Colby Res. Corp.	42	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	200	23.12	‡Q60c	1.9	‡
—		††Explaura Gold.	4	—	—	—	—
—		Highwood Res.	65	—	—	—	—
—		Northgate C$1	180	97?	—	—	—
Jan.	July	R.T.Z.	392	7.6	16.0	2.1	5.8
Jan	July	Do.9⅛%Cv.Ln.95/000	£94	7.6	Q9⅛%	30.0	†10.1
—		Sabina Inds. C$1	11	—	—	—	—
—		‡Southwe t C. 10p.	32½	—	—	—	—
—		Tara Exptn. $1	285	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle price, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.

$$ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

			IRISH		
Albany Inv. 20p	40	......	Conv. 9% '80/82	£98½	+⅛
Bertrams	17¢	......	Nat. 9¾% 84/89	£68½	+⅛
Bdg'wtr. Est. 50p	415	......	Fin. 13% 97/02	£76⅝	+⅝
Craig & Rose £1	£12½xd	......	Alliance Gas	86	+6
Finlay Pkg. 5p	26	......	Arnott	205	+5
Graig Ship. £1	£24	......	Carroll (P.J.)	72	......
Higsons Brew	85	......			

OPTIONS

3-month Call Rates

Brown (J.)	7	Mrks. & Spncr	12	**Oils**	
Burton Ord.	15	Midland Bank	30	Brit. Petroleum	26
Cadburys	9	N.E.I.	9	Burmah Oil	18
Courtaulds	8	Nat. West. Bank	38	Charterhall	6
Debenhams	7	P & O Dfd.	14	KCA	14
Distillers	15	Plessey	32	Premier	6
Dunlop	6½	Racal Elect.	35	Shell	30
Eagle Star	31	R.H.M.	6½	Tricentrol	22
F.N.F.C.	4	Rank Org. Ord.	20	Ultramar	38
Gen. Accident	28	Reed Intnl.	26		
Gen. Electric	65	Sears	6		
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½	Charter Cons.	25
G.U.S. 'A'	45	Thorn EMI	42	Cons. Gold	45
Guardian	25	Trust Houses	11	Lonrho	7
G.K.N.	15	Turner & Newall.	11	Rio T. Zinc	42
Hawker Sidd	30	Unilever	55		

"Recent Issues" and "Rights" Page 14

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Monday July 19 1982

Iran warns Gulf on shipments to Iraq

By James Dorsey in Kuwait

IRAN yesterday warned the Gulf states to stop serving as transit stations for goods moving to and from Iraq.

The Iranian warning came as several governments unofficially advised their citizens, working on industrial projects in the area of the southern Iraqi port of Basra, to evacuate the city temporarily.

Addressing parliament in Tehran, the Speaker, Hojatollahslam Ali Akbar Hashemi Rafsanjani, said that Iran's patience was limited and that if "the caravans of trucks continue to Iraq," Iran would have the right of "self defence."

Diplomats pointed out that the warning was of particular concern to Kuwait. The road between Basra and Kuwait, along with overland routes to Turkey and Jordan, is a vital Iraqi supply line.

Shippers claim that 40 per cent of all goods arriving at Kuwaiti ports are destined for Iraq.

But Iran's ambassador to Kuwait, Dr Ali Shams Ardakani, said yesterday that following Iran's invasion of Iraq "not much" was being transported from Kuwait to Iraq.

Tehran has accused Kuwait in the past of aiding Iraq in its war effort by allowing overland shipments of arms and ammunition.

Iran has twice bombed Kuwait's border town of Abdalli since the beginning of the Gulf War in September, 1980.

Last October Iranian planes attacked a Kuwaiti oil gathering station at Ommul Aish. Iran has described the attacks on Abdalli as mistakes and denies the bombing of Ommul Aish.

Several governments have advised their citizens to abandon the Basra area. Foreigners working on industrial projects, including an oil refinery at Shuaibah, a petrochemical plant, a natural gas processing unit, and port developments at Qor Azbel, are expected to be evacuated either to the Iraqi capital, Baghdad, or to neighbouring Kuwait.

So far Switzerland, South Korea, the Soviet Union, Poland and China are known to have suggested an evacuation of Basra. The UK earlier advised dependents to leave the city and has now told the remaining 80 men that it is better to go. The Soviet Union said its citizens in Basra would celebrate the end of Ramadan, the Moslem month of fasting, in Baghdad.

Japan is the only country to have announced officially that it considers evacuation of Basra as necessary.

Iran and Iraq continued to report heavy fighting over the weekend but remained vague about where exactly the battle was taking place.

In a speech broadcast nationwide on Saturday, President Saddam Hussein of Iraq said most of the fighting was concentrated north-east of Basra. But speaking of "some fighting" in the central sector, he appeared to confirm that Iran and Iraq were locked in combat on more than one front.

An Iraqi military communique said earlier that Iran had shelled the north-eastern Iraqi towns of Penjwin, Tawila and Bayara, although reports from the battle zones appeared to indicate that most of the fighting is in unpopulated areas.

Dr Ardakani said yesterday Iran wished to avoid an attack on the city of Basra itself out of fear of causing civilian casualties.

"The city of Basra is not a military target," he said. Iranian troops were to push for Baghdad, he added.

Tehran Radio reported yesterday that Friday's Iraqi air raids on the Iranian city of Ramadan, 250 km from the Iraqi border, had killed more than 100 people and injured 500 others.

Megaw splits public sector unions

BY JOHN LLOYD, LABOUR EDITOR

DIFFERENCES among public service unions on the implications of the Megaw inquiry into Civil Service pay will be reflected in a muted report to next week's TUC general council.

The Civil Service unions are split on the issue with the two largest, the Society of Civil and Public Servants and the Civil and Public Services Association, strongly against, and the Institution of Professional Civil Servants in favour.

Unions such as those representing teachers approve of the structure which Megaw proposes—especially the comparisons with non-teaching pay, which they believe would benefit them.

At the same time, the Civil Service unions fear that the Government may not even bring in the limited element of pay comparison, which could protect settlements from the present downward drag of "free market" forces.

They believe that some ministers see the Megaw structure as favouring the unions and that the Cabinet will decide not to implement the main recommendations, leaving Civil Service pay to be decided by cash limits and market forces.

The Government argument against Megaw revolves, the unions believe, around the realisation that its central recommendation on pay would lead to increases considerably higher than the Government would wish.

Megaw recommended that Civil Service pay is settled in the "interquartile" range—that is, between the highest and lowest quartiles of the non-Civil Service pay range. In the past year, that would have given a 6 to 9 per cent range; in the coming year, Civil Service unions reckon, the range might be between 5 and 8 per cent—much higher than the Government hopes for.

Sir Geoffrey Howe, the Chancellor, said two weeks ago that he was looking for very low settlements in the coming year.

A paper to the general council, based on a debate on Megaw at last week's TUC public services committee, will make a number of criticisms of the report, most of which grew out of the differences between it and the TUC evidence to Megaw. These include:

● The report has not recommended an adequate "replacement for the Pay Research Unit under which, as Megaw itself pointed out, Civil Service pay rose broadly in line with that in comparable private sector jobs.

● The problem of low pay in the Civil Service has not been addressed.

● The issue of cash limits has been fudged: there is no clear statement that cash limits should be set after pay negotiations.

● Megaw seeks to replace the system of unilateral reference to arbitration with a system which would depend on the assent of both sides.

It is not expected that a structure can be introduced in time for next year's pay round in April. Union officials believe they will face the same pressures of cash limits and market forces as in the past year.

They are also sceptical about the ability, or the desire of the Government to extend Megaw's principle to elsewhere in the public sector, partly because of its complexity.

The public sector unions also remain widely apart on developing a common stance on pay claims — in spite of a motion from last year's TUC congress calling for a co-ordinated campaign.

A joint meeting of the public services committee and the nationalised industries committee agreed last week to try to bring settlement times closer, especially where one group's settlement would embarrass another which was in the process of bargaining.

However, the wide disparity of settlement dates, claims and types of worker, ranging from teachers to mineworkers, remains an effective bar to concerted action.

NHS workers begin three-day strike today

BY DAVID GOODHART, LABOUR STAFF

THE PAY DISPUTE in the National Health Service today enters its most bitter phase with the start of a three-day national strike.

Members of the 12 TUC-affiliated health unions—representing more than 600,000 staff—will be taking selective strike action at most hospitals around the country and joining demonstrations.

A union spokesman estimated that after three days of action two-thirds of the country's 2,300 hospitals would be reduced to accident and emergency cover only.

Up to 5m workers who belong to the same unions as the health workers, but who work in other industries, are being asked to lend support. They include workers in the motor industry, local councils and water, gas and sewage services.

The National Union of Public Employees said yesterday that 200 Inland Revenue staff in Leeds were planning to back the action.

After the last one-day strike on June 23, the Government sent official warnings to 550 civil servants who took part in secondary action outlawed by the 1980 Employment Act.

The health unions are pushing for a 12 per cent pay increase. The 430,000 nurses have been offered a 7.5 per cent increase and the 500,000 ancillary workers have been offered 6 per cent.

Mr Rodney Bickerstaffe, the general secretary of Nupe, said yesterday that few health workers would get more than £3 extra a week from the offers.

Mr Norman Fowler, Secretary of State for Health and Social Services, urged the unions to return to the Whitley Council to discuss the distribution of the money the Government had made available. Mr Fowler also said the Government wants a new system for determining the pay of nurses and midwives by next April.

● Members of the print unions Sogat '82 and the NGA yesterday backed the health unions' demands. A joint statement said: "Because the hospital workers are committed, because they are loyal, because they care, society has been able to get away with paying them miserably low wages. We have repaid dedication with exploitation.

"The present pay increases do not even make up for increases in the cost of living. They will be even worse off than 12 months ago. Print workers demand that hospital workers be treated with proper honour and respect and that their justifiable wage claim be paid in full."

The statement was signed by Mr Bill Keys and Mr Owen O'Brien, joint general secretaries of Sogat '82, and Mr Les Dixon, retiring general president of the NGA.

Hopes for bilateral deal with Japan on science

BY GUY DE JONQUIERES

THE GOVERNMENT is considering proposing to Japan a framework for co-operation in science and technology.

Work on a preliminary draft is expected to begin in London soon. The intention is that the agreement, which could take the form of a treaty, should be signed when the Prime Minister visits Tokyo in September.

But the Industry Department, which has recently taken a number of steps to encourage collaboration with Japan in electronics and communications technology, is believed to have some reservations.

The department would prefer to treat bilateral exchanges in fields such as research and development on a case-by-case basis, rather than be tied to a formal arrangement.

The agreement envisaged would be broad in scope and would not commit the two governments to any specific ventures. But there is particular interest on the British side in exploring the possibility of co-operation in aviation, space, energy and engineering.

It is hoped that the agreement could lead to collaboration between government laboratories and academic institutions, including exchange visits by scientists and engineers. Prospects for links between private companies in the two countries are less clear.

Both France and West Germany have science and technology agreements with Japan which date from the mid-1970s. They have so far involved cooperation on nuclear power, oil-from-coal schemes and telecommunications.

The idea of concluding a similar agreement with Britain was first floated informally by Japan some time ago. It has recently been revived, partly because the British Government sees little prospect of making much progress in any other area of bilateral relations.

It is conceded in London that there is little hope in the near term of persuading Japan to take further measures to reduce its trade surplus.

British Gas profits down 20% to about £300m

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS Corporation is about to announce a 20 per cent fall in profits in the past financial year to about £300m from the current cost operating surplus of £381m in 1980-81.

Sir Denis Rooke, the chairman, will, it is expected, blame the reduced profits on lower industrial demand for natural gas and the fact that it was the gas levy charged on supplies by the Government.

Details of the corporation's results are due to be announced later this month. In spite of the drop in profits, it seems the corporation managed to meet the Government's financial targets: a 3.5 per cent return on current cost net assets and a £49m limit on borrowings.

The drop in profits would have been much greater but for the very cold winter weather, which boosted domestic demand early this year. Latest Government figures show that total gas sales in the January-May period this year totalled 8.3bn therms, 1 per cent down on the corresponding five months of 1981.

Gas sales in the whole of 1981 were about 17bn therms, little changed from 1980.

The Government statistics show that whereas domestic sales in 1981 were 3.9 per cent above the previous year's deliveries, sales to industrial customers were substantially down. Gas sales to the iron and steel industry last year fell by 9.3 per cent compared with 1980 while deliveries to other industries dropped by 5 per cent.

The gas levy, the other major influence on corporation profits, is treated as a cost by British Gas. It is thought that the levy was increased from £129m in 1980-81 to about £400m.

The levy was introduced by the Government last year as a means of creaming off some of the profits which otherwise would have been made by the corporation through the sale of low-cost gas. As a result of long-standing deals, British Gas has been buying some of its gas supplies for less than 10p a therm and distributing it at a considerably higher price.

Labour's far left divides over tactics for fighting registration

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

SERIOUS DIVISIONS on the far left of the Labour Party emerged at the weekend over tactics for fighting the Labour leadership's plans for excluding the Marxist Militant Tendency organisation.

At a special meeting yesterday called to co-ordinate the far left's response to the national executive committee's proposal for setting up a register of Labour groups, it was agreed that groups should boycott the register and so try to undermine its credibility.

The constituency representatives at the meeting also agreed that they would refuse to cooperate with any moves to expel national Militant supporters from their parties.

But there was a serious disagreement over longer term tactics.

The executive of the Campaign for Labour Party Democracy, in the past the most effective group on the far left, tried to get the meeting to endorse a fall-back position aimed at limiting the NEC's powers in the event of the register being set up.

The strategy was, however, rejected by the other groups present, and it was clear from the meeting that the far left's opposition to the register could be weakened by internal divisions.

The plan for setting up a register of groups, approved by last month's NEC, is fundamental to the Labour leadership's plan for excluding Militant from the party. It has enraged many local parties who have responded by submitting over a dozen motions for this year's party conference, opposing witch-hunts.

But despite these motions, and the very vocal support they will no doubt get from other constituencies at conference, the far left fears the votes of the big unions will ensure that the NEC's plan is approved.

In the next few months, the various groups on the broad left will be doing all they can to swing the votes of the major unions, most notably the Transport and General Workers Union.

It was in case this strategy fails that the executive of the campaign for Labour Party Democracy was yesterday advocating a fall-back position. Alliance electoral reform plan, Page 4

Weather

UK TODAY

DRY with sunny periods. Max. 23C (73F) except in N Scotland.

N Scotland

Cloudy with drizzle. Max. 19C (66F).

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	L. Ang.†	C	18	64
Algiers	S	30	86	Luxmbg.	F	23	73
Amsdm.	C	21	70	Luxor	S	38	100
Athens	F	29	84	Madrid	S	31	88
Bahrain		—	—	Majorca	S	31	88
Barcina.	S	29	84	Malaga	F	23	73
Beirut		—	—	Malta	S	35	95
Belfast	F	16	61	M'chstr.	F	18	65
Belgrd.	S	29	84	Melbne.		—	—
Berlin	C	21	73	Mx. C.†		—	—
Biarritz	S	24	75	Miami†	R	27	81
Bmghm.	C	18	64	Milan	S	28	82
Blackpl.	S	15	59	Montrl.†	F	23	73
Bordx.	S	28	82	Moscow	S	26	79
Boulgn.	F	22	72	Munich	F	23	73
Bristol	C	20	68	Nairobi		—	—
Brussels	F	23	73	Naples	S	33	91
Budpst.	F	30	86	Nassau		—	—
Cairo		—	—	Nwcstl.	C	16	61
Cardiff	C	19	66	N York†	S	27	81
Cas'b'ca	C	21	70	Nice	F	27	81
Cape T.		—	—	Nicosia	F	28	82
Chicg.†	T	22	72	Oporto	C	20	68
Cologne	F	24	75	Oslo	S	21	70
Cpnhgn.	F	20	68	Paris	F	23	73
Corfu	S	33	91	Perth		—	—
Denver†	F	15	59	Prague	C	15	59
Dublin	F	18	64	Rykjvk.	C	11	52
Dbrvnk.	S	30	86	Rhodes	S	28	82
Ednbgh.	C	17	63	Rio J'o†		—	—
Faro	S	23	73	Rome	S	32	90
Florence	C	31	88	Salzbrg.	C	20	68
Frankft.	F	24	75	S'cisco†		—	—
Funchal	F	22	72	S Mritz.		—	—
Geneva	S	24	75	Singapr.		—	—
Gibrltr.	S	27	81	S'tiago†		—	—
Gl'sg'w	F	17	63	Stckhm.	S	23	73
G'nsey	S	20	68	Strsbg.	F	23	73
Helsinki	C	23	73	Sydney		—	—
H. Kong		—	—	Tangier	F	23	73
Innsbrk.	C	24	75	Tel Aviv		—	—
Invrnes.	F	18	63	Tenerife	C	25	77
I.o.Man	F	16	61	Tokyo		—	—
Istanbul	S	26	79	T'r'nto†	F	24	75
Jersey	S	22	72	Tunis	S	35	95
Jo'burg		—	—	Valencia	S	30	86
L. Pims.	F	23	73	Venice	F	30	86
Lisbon	C	22	72	Vienna	C	24	75
Locarno	S	27	81	Warsaw	T	22	72
London	C	22	72	Zurich	F	21	70

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.

Continued from Page 1

Rank Xerox

link the individual will be able to use a recently launched Xerox 820 micro-computer which, apart from normal computer functions, also has a textual communications facility.

Unlike many other communications systems, the Xerox system does not have to depend on an expensive mainframe installation. It can work using normal Post Office telephone lines.

So far eight of Rank Xerox's employees have become networkers.

In return for removing themselves from the company payroll individuals are given a two-year consultancy contract to work two days a week for Rank Xerox. At market rates this is worth, on average, slightly less than the individual's gross salary at departure, says Rank Xerox.

Victory for BR Continued from Page 1

said: "The refusal of the TUC finance and general purposes committee to support Aslef means that we have no alternative but to instruct our members to work normally from midnight. This was a battle which could not have been won without the support and assistance of the whole trade union movement—support which was not forthcoming."

Mr Buckton said BR's actions had received throughout the Government's full support. Now they had received the full support of the TUC.

He said of the union's 24,000 members: "It is with some bitterness that we have to tell them that the help they have given to the trade union movement in the past has not been repaid when they needed it."

He reserved special criticism for Mr Sid Weighell, general secretary of the rival National Union of Railwaymen, who has urged Aslef to call off its strike and accept flexible rostering.

Mr Buckton said Mr Weighell's public utterances "have been contrary to every principle of trade unionism. He has by his actions assisted the British Railways board at every stage."

Mr Len Murray, TUC general secretary, tried to be positive. He said: "Aslef's decision is not a defeat for the union. On the contrary, it is a measure of its concern for railway workers and the industry itself."

Mr Weighell replied to Mr Buckton's comments by saying: "If I have been charged because of honouring my commitments, I belong to a different sort of trade union." Mr Weighell said he was delighted the strike was over. He again raised the "unanswerable" case for one union in the railway industry.

THE LEX COLUMN

Why oil remains inflammable

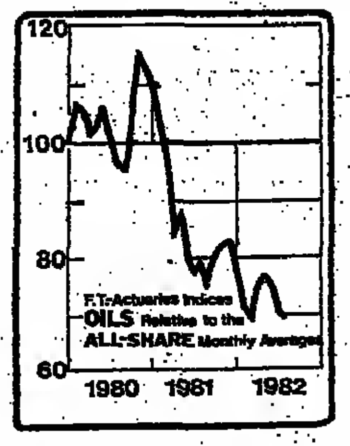
A week after the suspension of the Opec conference in Vienna the dust is beginning to settle, and it looks as if not very much has changed after all. Muttered Saudi threats about cutting the reference price of its marker crude from $34 a barrel have come to nothing and spot prices in Rotterdam have been recovering after their initial fall.

The failure of an Opec conference to reach agreement is hardly a new, or even unusual, occurrence; rather the reverse. In recent years the dominant force in the organisation, Saudi Arabia, has had to battle hard to impose its policies. The latest conference was not attended by the Saudi Oil Minister, Sheikh Yamani, implying that the proposed adjustments were not a major priority for the kingdom. Nevertheless, the politically charged atmosphere of the meeting underlines the increasing strains within the cartel, which may come to a head next summer.

Output ceilings

The meeting failed to decide on how to enforce the production ceilings established in March, while there were also disputes over price differentials. The two areas are closely connected, and stem from the success of the Saudis in bringing supply into line with demand through the slack summer months. In essence this feat was achieved by the Saudis being prepared to cut output enough to bring the market into balance, while other members worked to strict quotas. The mechanism through which the Saudis took up the spare capacity was rigid adherence to the $34 reference price while other exporters introduced discreet discounting by manipulating the differentials for various grades of crude.

This policy has worked. Saudi production has now fallen to perhaps 6m barrels a day, while Nigerian production, for instance, has picked up sufficiently for the second quarter target of 1.3m b/d to be met in spite of the very poor April and May output levels. Since the discounts have served their purpose, the Saudis are naturally keen to eliminate them, especially because they have been abused by some countries, notably Libya and Iran, which have exceeded their production ceilings. These two countries have pre-empted all of the 0.7m b/d or so shortfall in Iraq's production as well as forcing a



greater cut on the Saudis than necessary.

The Saudis and the other moderate producers face another couple of months of restraint in order to keep the oil market in balance, but the problem should not be too great in spite of over-production from Iran and Libya. Seasonal factors come galloping over the horizon in the fourth quarter. Technically the agreed production ceilings remain in force, and it is likely that the Saudis have enough muscle to keep moderates like Nigeria in line. In fact the Saudis' main mistake may have been to try to make changes at such an early stage. The decisions on new ceilings for the fourth quarter, when demands for Opec crude may be 22m b/d or so compared with the present 17½m b/d ceiling, do not need to be taken until the next meeting in August, or even in September.

Oil shares worldwide, which were tumbling in the early part of the year on concern about a cut in the $34 marker price, picked up strongly from March, when Opec announced production ceilings. However, prices have fallen again since May, and part of the explanation lies in what has been happening in downstream markets. In the spring demand picked up from the low levels of the first quarter—particularly in the U.S.—while the dollar was not too strong and spot crude prices hardened. So oil company margins began to look a lot healthier.

Since May, however, the U.S. dollar has strengthened again, and in the present climate oil companies find it difficult to pass on the increase in terms of local currencies. Consumer demand has weakened anyway, as have spot crude prices. So the petrol price wars have restarted with a vengeance. Oil companies' attempts to improve margins by installing catalytic crackers — which push up the petrol content of the processed barrel — have also backfired. Over the last 12 months cracking capacity in Europe is estimated to have risen by at least a tenth, and oil companies have been sacrificing the higher value added generated by discounting.

But the oil sector relapse may reflect even more intractable problems than surplus downstream capacity. After all, in February there was a fairly widely spread conviction that the $34 reference could not be held. With the exception of a few days last week, in recent months there have been few doubts that the Saudis could hold the line. Yields, meanwhile, provide a fair degree of support. The five U.S. majors offer around 10 per cent, and the bigger Independents around 7 per cent. In the UK, Shell offers 7½ per cent and BP 11 per cent. When seasonal factors come into play there may even be something of a rally in the sector (conveniently timed for a flotation of Britoil?).

Reduced demand

Beyond the New Year, the outlook becomes much darker. Forecasts of world economic recovery are — once again — being pushed further into the future. While destocking should not be so prevalent, more non-Opec oil will be produced and more fuel saving programmes will come into effect. So next spring Opec could well find itself facing much the same reduced level of demand as this summer, and will once again have to show great restraint.

The Saudis may well not be in such firm control of the cartel as they have been this year. If Iran is successful in installing a Shi'ite administration in Iraq, the new axis will control potential production of 6m or 7m b/d. The Saudis could not cut sufficiently to compensate for this extra production being marketed, even if they wanted to. The Iranians might well be prepared for the loss of revenue implied in breaking the $34 reference if it ended Saudi control of the cartel.

On the other hand, if the victorious Iranians block the Straits of Hormuz, nothing could replace the Gulf production that could not get through. But even the most virulent oil bulls would consider switching into defence stocks in such a contingency.